

Extended Employment Program

Compliance Audit & Performance Measurement

July 1, 2013 - June 30, 2014

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Introduction

This report contains summary information about the condition and outcomes of the Extended Employment (EE) program resulting from data submitted by community rehabilitation providers (CRPs) and the application of the *Extended Employment Program Compliance Examination Standards* for the period July 1, 2013 through June 30, 2014.

The Department sought input to the audit standards from EE providers and the Audit Standards Workgroup, an ad hoc committee of executive and financial directors, independent auditors and Department staff, designed to effect positive change through a quality improvement process. The draft standards were approved and posted to the EE website on May 29, 2014.

The objective of the independent auditor's examination procedures, applied to [management's assertion](#) about the entity's compliance with specific EE requirements, is to express an opinion about whether management's assertion is fairly stated in all material respects based on agreed upon criteria. The scope does not include the auditor's opinion on internal control over compliance.

Examinations are conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and include examining, on a test basis, evidence of compliance.

In an effort to reduce the cost of the compliance audits incurred by CRPs, respond to auditors' requests for direction, and ultimately to establish greater uniformity in the testing and reporting of compliance, suggested testing protocol was included in the published standards. However, auditors are expected to use professional judgment in determining whether the suggested procedures are sufficient to issue an opinion on compliance.

The funding unit of distribution of extended employment program funding is the payment for one work hour¹ performed by an eligible worker and reported to the extended employment program. Therefore, variances are reported as questioned work hours and may be disallowed by the Department, requiring the repayment of grant funds after a final contract adjustment process and due process appeal period.

Information and analysis within this report is limited to the data reported by CRPs receiving EE funds and should not be misconstrued as representing Minnesota's comprehensive ongoing employment support system.

Although some CRPs provide ongoing employment support services in excess of their EE performance-based contract requirements, there is no obligation to report, or uniformity in the reporting of unfunded services to the State.

¹Minnesota Rules, 3300.2005, Subpart 37. Work hours means hours for which a worker performs paid work, including hours of paid holidays, paid sick, paid vacation, and other paid leave. A work hour is the basic funding unit for allocating extended employment program funds.

Program Purpose

The mission of extended employment is to provide the ongoing employment support services necessary to maintain and advance the employment of persons with a most severe disability. Employment shall encompass the broad range of employment choices available to all persons and promote an individual's self-sufficiency and financial independence. *Minn. Stat. 268A.15, subd. 2.*

Powers and Duties

DEED is authorized by Minnesota Statute, Chapter 268A Vocational Rehabilitation, to administer the Extended Employment (EE) Program. The commissioner certifies rehabilitation facilities to offer extended employment programs, grants funds to the extended employment programs, and performs the duties specified in section 268A.15. *Minn. Stat. 268A.03.*

DEED administers the EE program through Vocational Rehabilitation Services (VRS), employs personnel to manage the program, and is empowered to accept and receive funds from non-state sources for the purpose of implementing this section. *Minn. Stat. 268A.15, subd. 1.*

The commissioner shall adopt rules on an individual's eligibility for the extended employment program, the certification of rehabilitation facilities, and the methods, criteria, and units of distribution for the allocation of state grant funds to certified rehabilitation facilities. In determining the allocation, the commissioner must consider the economic conditions of the community and the performance of rehabilitation facilities relative to their impact on the economic status of workers in the extended employment program. *Minn. Stat. 268A.15, subd. 3.*

The commission shall evaluate the extended employment program to determine whether the purpose of extended employment as defined in subdivision 2 is being achieved. The evaluation must include information for the preceding funding year derived from the independent compliance audits of extended employment service providers submitted to the department on or before October 31 of each year. The evaluation must include an assessment of whether workers in the extended employment program are satisfied with their employment. A written report of this evaluation must be prepared at least every two years and made available to the public. *Minn. Stat. 268A.15, subd. 4.*

Within available resources, the EE Program provides technical assistance to rehabilitation facilities. *Minn. Stat. 268A.15, subd. 5.*

The commissioner may provide innovation and expansion grants to rehabilitation facilities to encourage the development, demonstration, or dissemination of innovative business practices, training programs and service delivery methods.... *Minn. Stat. 268A.15, subd. 6.*

Administrative Rules

The Department promulgated administrative rules for the EE Program, Minnesota Chapter 3300.2005 through 3300.2055, effective July 1, 1998.

Program and Service Descriptions

Center-based employment (CBE) means employment which provides paid work on the premises of an extended employment provider and training services or other services necessary for employment on or off the premises of an extended employment provider² to persons who, because of the nature and severity of their disabilities, need intensive ongoing employment support services funded by the state unit in order to work. *Minn. R. 3300.2005, subpart 6.*

Community employment (CE) is paid work in the community requiring intensive ongoing employment support services that does not meet the definition of supported employment only because the worker is paid less than minimum wage or the employment does not meet the criteria of an integrated setting, or the worker is compensated at or above the minimum wage but below the customary wage paid by the employer for the same or similar work performed by individuals without a disability. *Minn. R. 3300.2005, subpart 10.*

Competitive employment means work in the competitive labor market that is performed on a full-time or part-time basis in an integrated setting; and for which an individual is compensated at or above the minimum wage, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals who are not disabled. *Minn. R. 3300.2005, subpart 9.*

Extended employment (EE) **program** means an employment program which provides the ongoing employment support services necessary to maintain and advance the employment of individuals with severe disabilities by providing work in center-based employment, community employment, or supported employment subprograms. *Minn. R. 3300.2005, subpart 15.*

Integrated setting, with respect to an employment outcome, means a setting typically found in the community in which an individual with the most severe disabilities interacts with nondisabled individuals, other than nondisabled individuals who are providing services to that individual, to the same extent that nondisabled individuals in comparable positions interact with other persons. *Minn. R. 3300.2005, subpart 25.*

Ongoing employment support services means any of the following services identified in the worker's extended employment support plan as related to a worker's limitations in functional areas and that are necessary to maintain and advance the worker's employment: (a) facilitation of natural supports at the work site; (b) rehabilitation technology, job redesign, or environmental adaptations; (c) disability awareness training for the worker, or the worker's employer, supervisor, or coworkers, and other services to increase the worker's inclusion at the worksite; (d) job skill training at the work site; (e) regular observation or supervision of the worker; (f) behavior management; (g) coordination of support services; (h) job-related safety training; (i) job-related self-advocacy skills training to advance employment; (j) training in independent living skills, such as: money management, grooming and personal care, social skills, orientation and mobility, using public transportation or driver's training; ... and (p) any other service that is similar to the services in items A to O, that is identified in the worker's extended employment support plan, and that is needed to maintain or advance the employment of a worker in the extended employment program. *Minn. R. 3300.2005, subp. 31.*

Supported employment (SE) means *competitive employment* in an *integrated setting* with ongoing employment support services for individuals with the most severe disabilities for whom competitive employment has not traditionally occurred or for whom competitive employment has been interrupted or intermittent as a result of a severe disability; and who, because of the nature and severity of their disabilities, need intensive ongoing employment support services from the designated state unit and extended services after transition in order to perform this work; or *transitional employment*³ for individuals with the most severe disabilities due to mental illness. *Minn. R. 3300.2005, subpart 35.*

² Extended employment provider; Minn. R. 3300.2005, subp. 16.

³Transitional employment; Minn. R. 3300.2005, subp. 36.

Cost-Benefit Considerations

Legislative Appropriation

The EE program is funded by a State appropriation from the Workforce Development and General funds. Administration funded 2.13 full-time equivalents (FTEs) for direct program staffing and management, and .65 FTEs for general and administrative personnel providing support services to the program including clerical support, accounting and information technology.

SFY14	General Fund	WFD Fund	Total
Administration (2.78 FTEs)	\$ 379,000		\$ 379,000
Advocating Change Together	35,000		35,000
Wage Incentive	0		0
Extended Employment	5,745,000	6,830,000	12,575,000
Grants	\$ 5,331,000	\$ 6,830,000	\$12,161,000
Total Appropriation	\$ 5,745,000	\$ 6,830,000	\$12,575,000

Measurable Outcomes

Nearly five thousand Minnesotans with a most severe disability were reported to have received the ongoing employment supports necessary to add nearly four million work hours to the state's productive capacity, earning nearly \$28 million in personal income. To compare these outcomes across Minnesota's network of service providers see pages 46-48.

SFY14 Outcomes	Total	Supported Employment	Community Employment	Center-based Employment
Workers ⁴	4,992	2,611	2,107	2,373
Work hours	3,939,191	1,696,316	953,761	1,289,114
Wages paid	\$ 27,879,396	\$ 17,166,627	\$ 5,492,471	\$ 5,220,298
Average hourly wage	\$ 7.08	\$ 10.12	\$ 5.76	\$ 4.05
Average weekly hours	15.2	12.5	8.7	10.4

Return on Investment

For each state dollar invested last year, program participants earned on average \$2.22, increasing financial independence and potentially reducing dependency on public support systems.

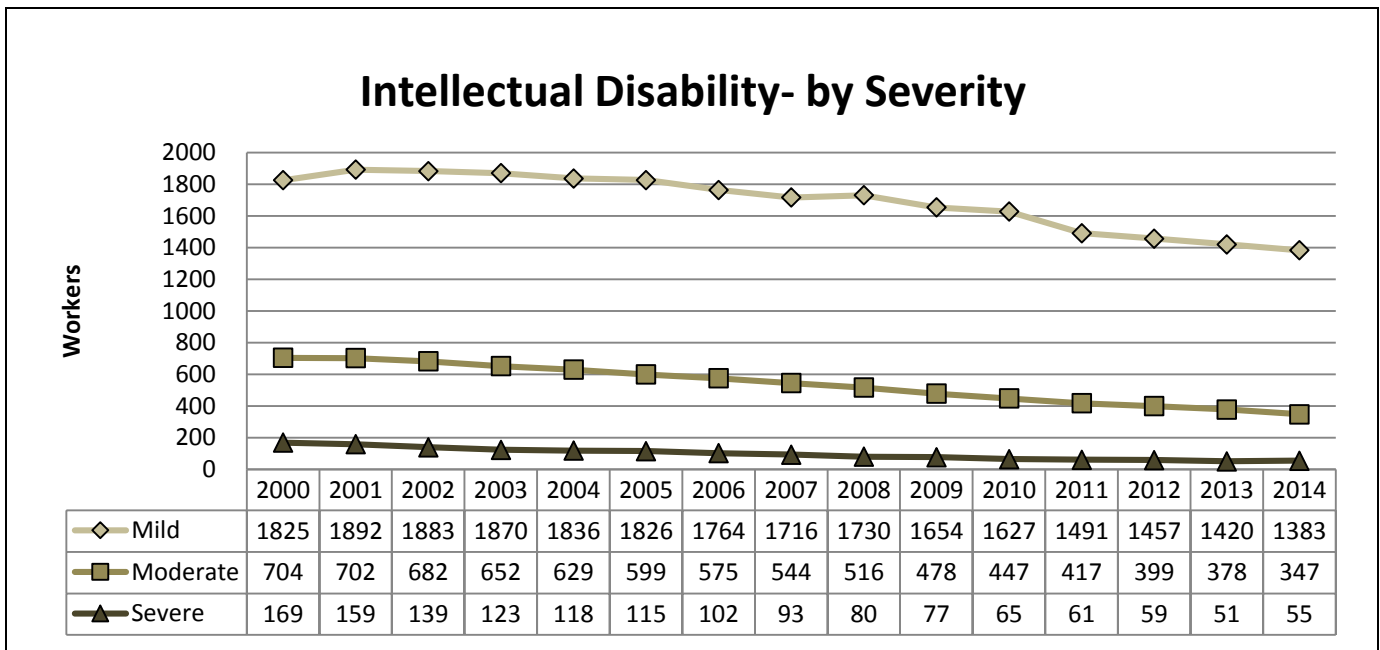
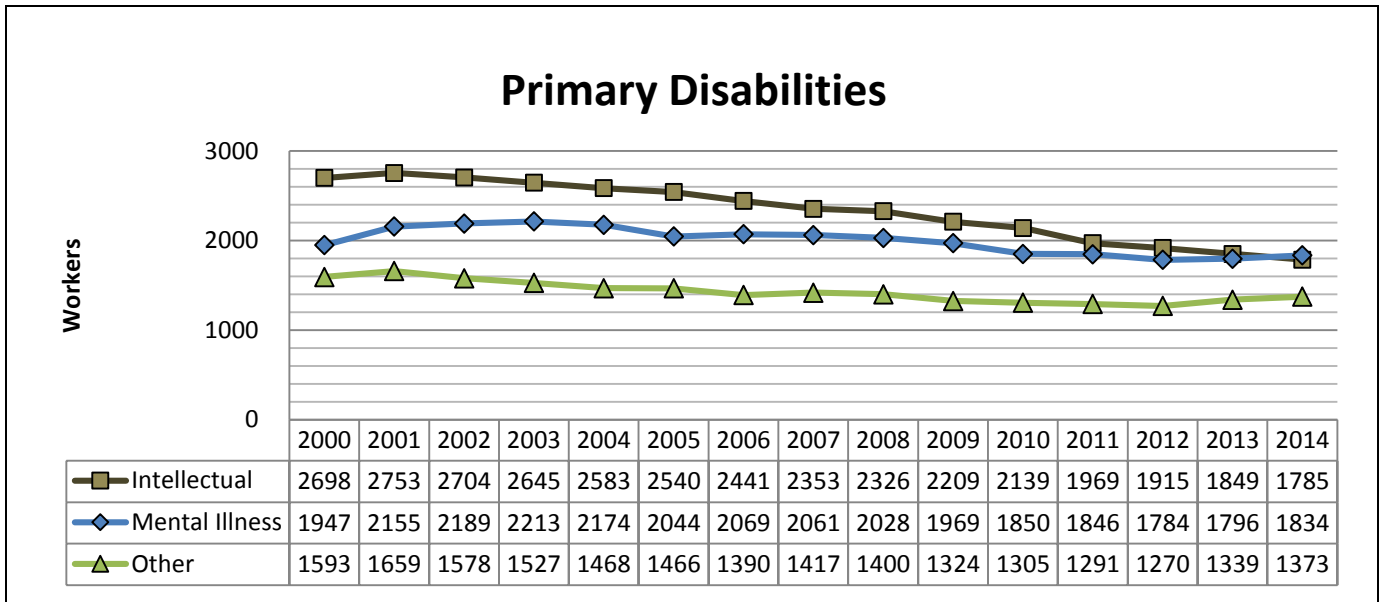
SFY	Appropriation	Workers	Cost per Worker	Wages	Income per Worker	=	ROI
2014	12,575,000	4,992	2,519	27,879,396	5,585	=	222%
2013	12,075,000	4,984	2,423	26,895,846	5,396	=	223%
2012	12,075,000	4,969	2,430	26,354,790	5,304	=	218%
2011	12,075,000	5,106	2,365	25,786,413	5,050	=	214%
2010	12,435,000	5,294	2,349	25,498,475	4,816	=	205%

⁴ Subprogram counts are duplicative as workers may engage in multiple subprograms during the year.

Minnesotans Served

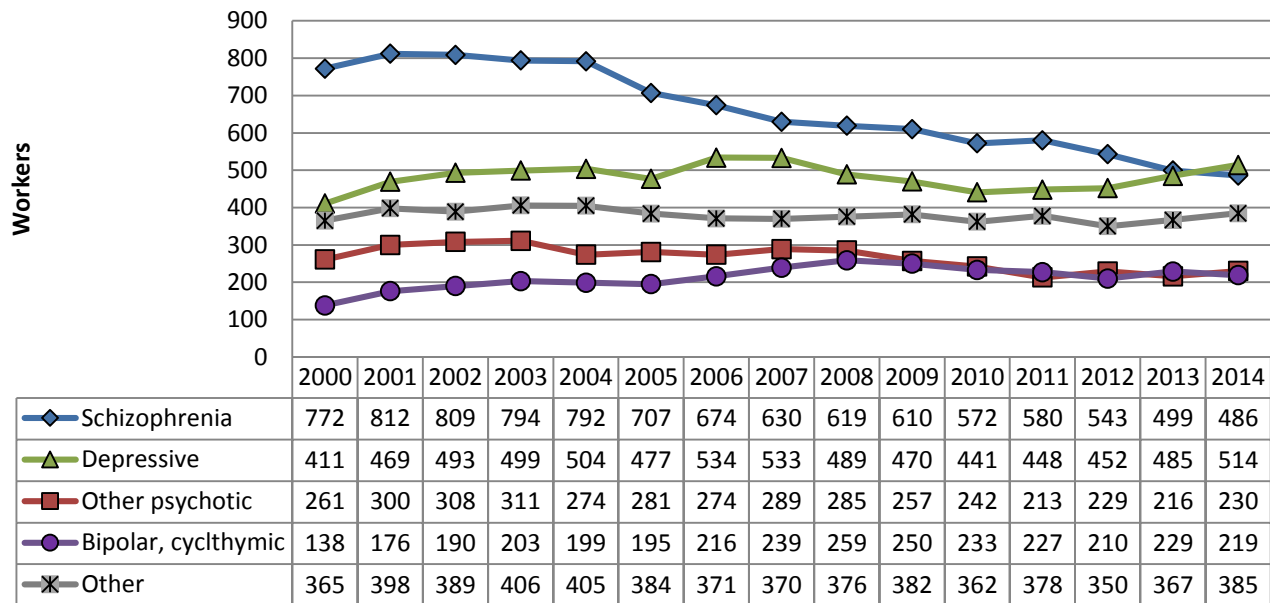
Extended employment worker means an *individual with a most severe disability*⁵ where the disability results in serious limitations in three or more functional areas affecting employment, and the person requires and receives ongoing employment support services over an extended period of time to maintain and advance in employment, and is reported to the Department by the provider during the contract period. *Minn. R. 3300.2005, subp. 18.*

The most frequently reported primary disabilities are neurodevelopmental intellectual and mental illness, each more frequent than all other reported disabilities. There is a significant decline in workers reported with neurodevelopmental intellectual disabilities, particularly those mildly afflicted.



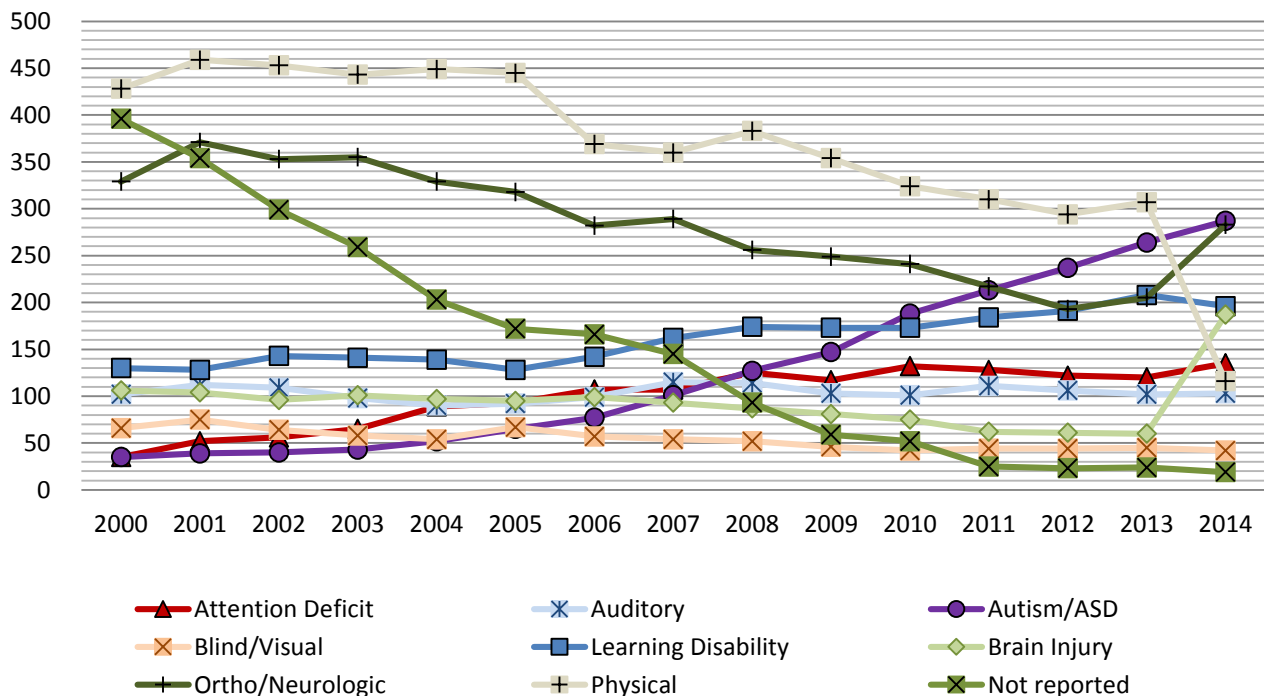
⁵Individual with a most severe disability; Minn. R. 3300.2005, subp. 22

Mental Illness



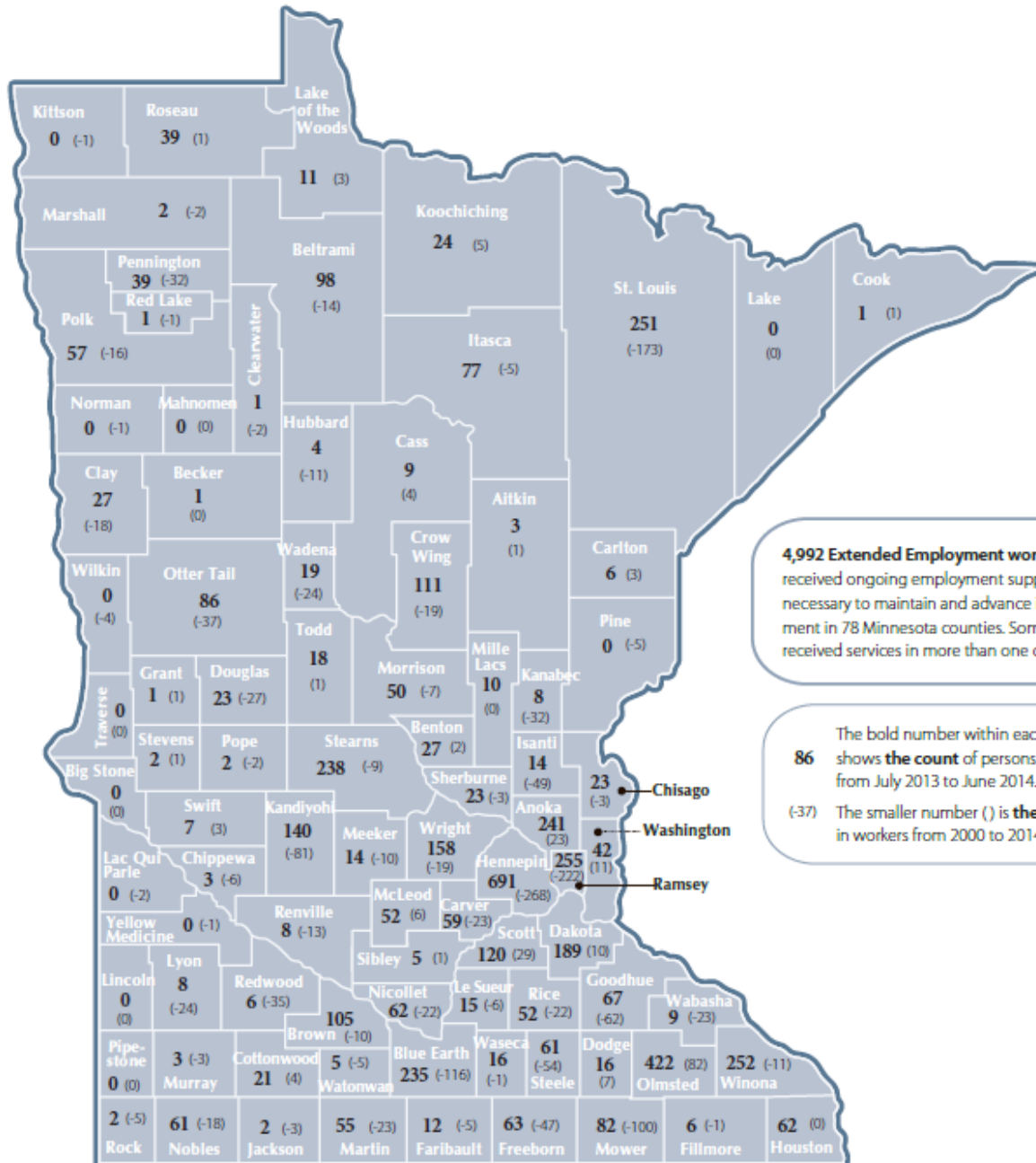
Over the last 15 years, persons reported with Schizophrenia are declining while persons reported with Depressive disorders show a mild increase. Although the number of workers with other disabilities (below) is small by comparison to persons with intellectual disabilities or mental illness, trends are noteworthy: Autism/Autism Spectrum Disorder, learning disabilities, and Attention-deficit disorders are on the rise, while persons with other disabilities are holding steady or declining. Persons with Brain Injury showed a significant increase in SFY 2014.

Other Disabilities



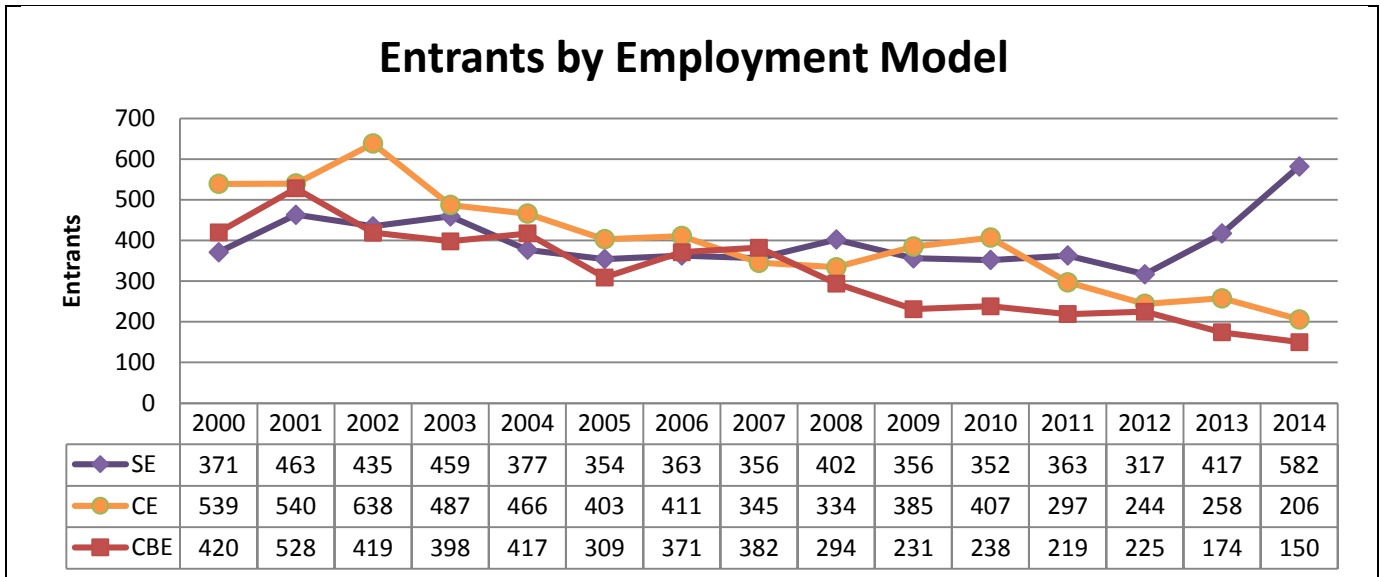
Extended Employment Workers by County

2000 – 2014

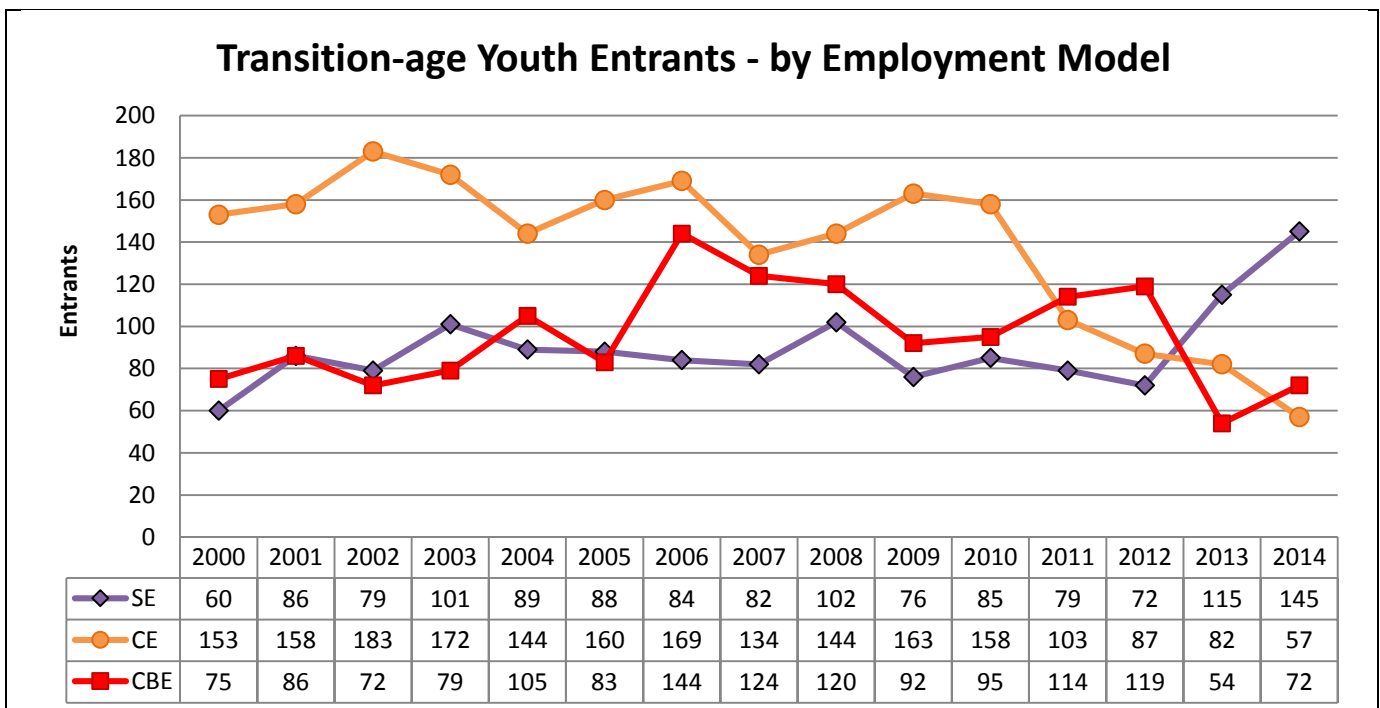


Entrants and Referral Sources

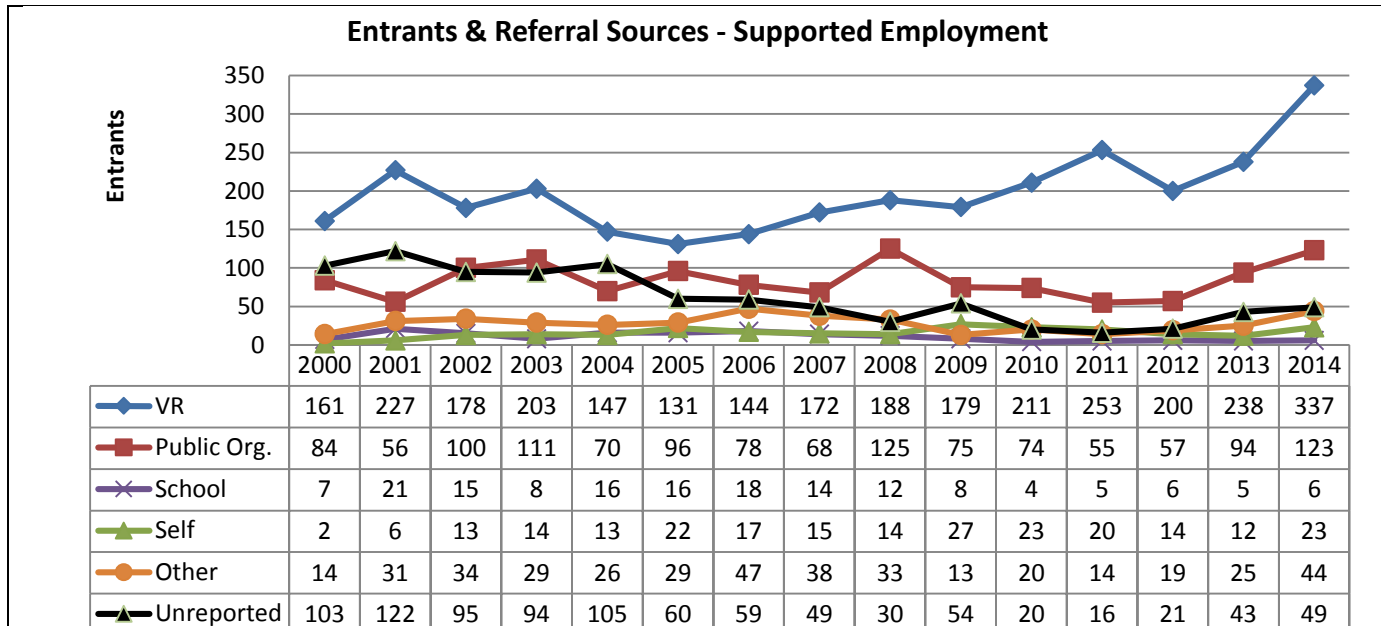
Persons entering Extended Employment (EE) have decreased by 392 persons, or 71%, since state fiscal year (SFY) 2000. One thousand three hundred thirty (1,330) people entered EE in 2000, declining to 938 entrants in 2014. Supported Employment (SE) had the only increase of 211 entrants (157%). Community Employment (CE) and Center-based Employment (CBE) declined by 333 entrants (38%), and 270 entrants (36%), respectively. *Entrants are persons not previously reported in an EE program.*



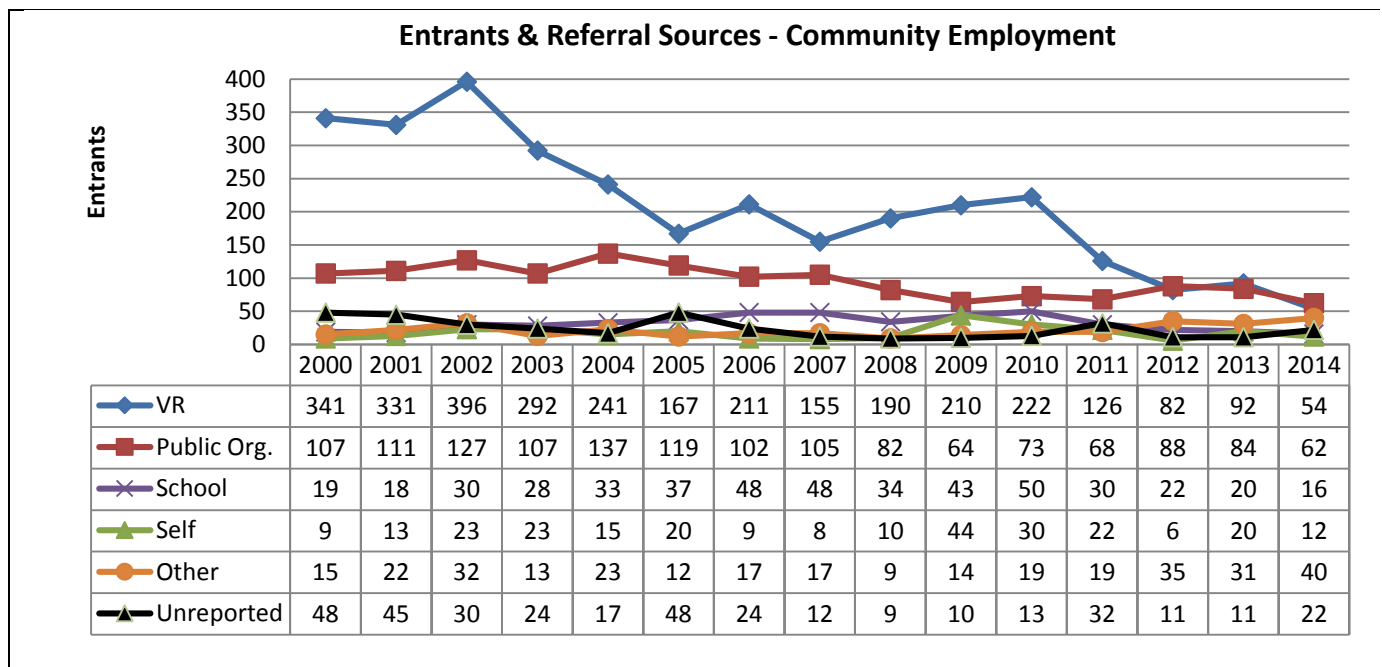
274 young people (age 22 and under) comprised 29% of the 938 entrants in 2014, a decrease of 14 people since 2000. Youth entering CBE is the same as in 2000, however entrants to CE dropped by 63%, and entrants to SE increased by 142%.



The Vocational Rehabilitation (VR) program remains the primary source of entrants to Supported Employment (SE). Other public organizations, such as county social service agencies, are the second most commonly reported referral source. In 2014, VR referred 337 of the 582 individuals in need of ongoing employment support services in competitive jobs to service providers funded by the EE program, or 58% of entrants to SE; other public organizations referred 21% of the SE entrants. Entrants are persons not previously reported in an EE program.



In 2000, VR referred the majority (63%) of the 206 entrants to Community Employment (CE); other public agencies 20%; schools 4%; self-referrals 2%; other sources 3%; and 9% were unreported by service providers. In 2014, VR referred 54 entrants (26%); other public organizations 30%; schools 8%; self-referrals 6%; other sources 19%; and 11% unreported.

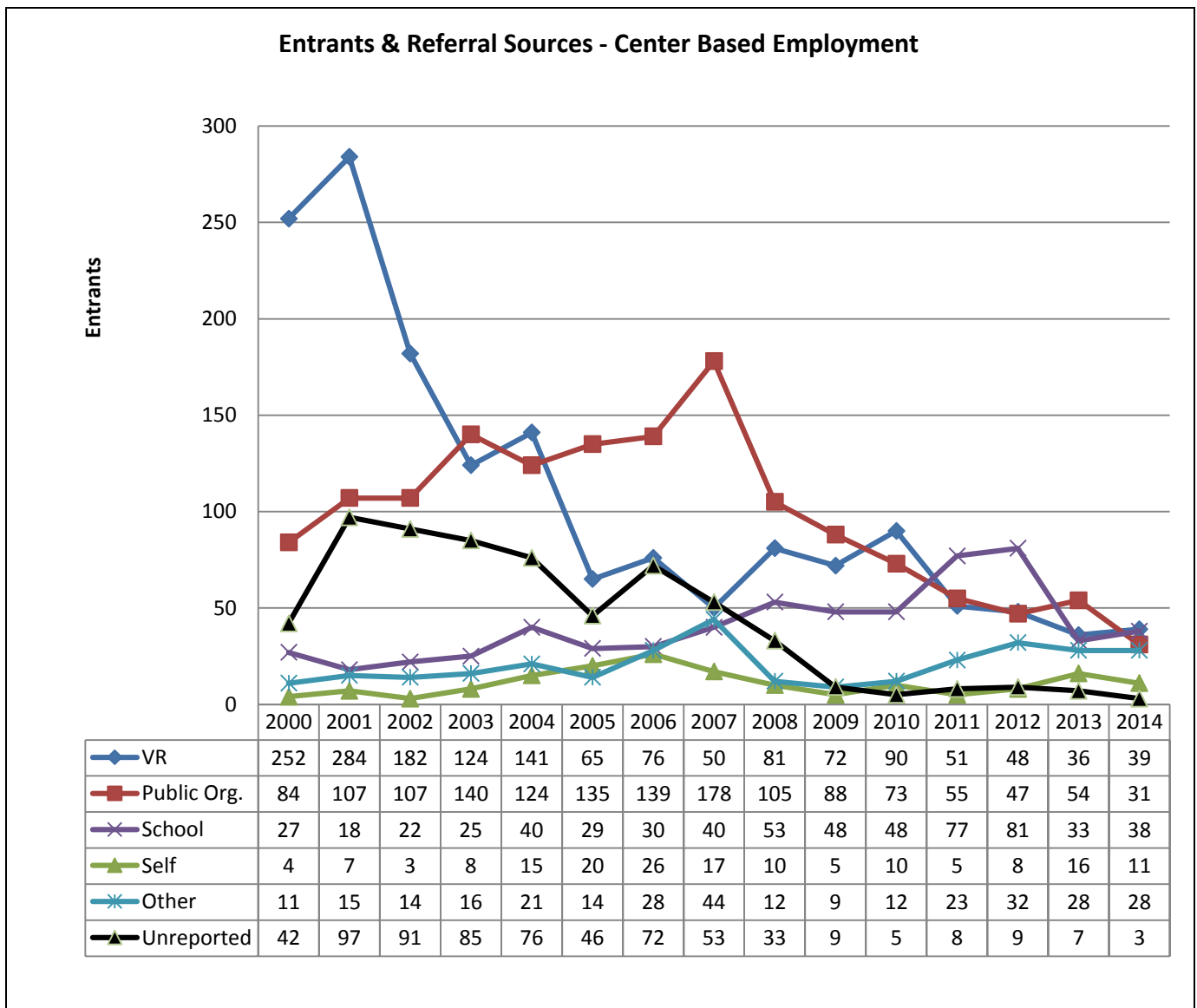


In 2000, entrants to Center-based Employment (CBE) totaled 420 persons. However in 2014, only 150 individuals' first experience in the EE program was not in a community setting, representing a 64% decline in 15 years. Entrants are persons not previously reported in an EE program.

In 2000, the Vocational Rehabilitation (VR) program referred 60% of the entrants to Center-based Employment (CBE); other public agencies referred 20%; schools 6%; other sources 4%; 1% were self-referred; and service providers did not report the referral source of 10% of the entrants.

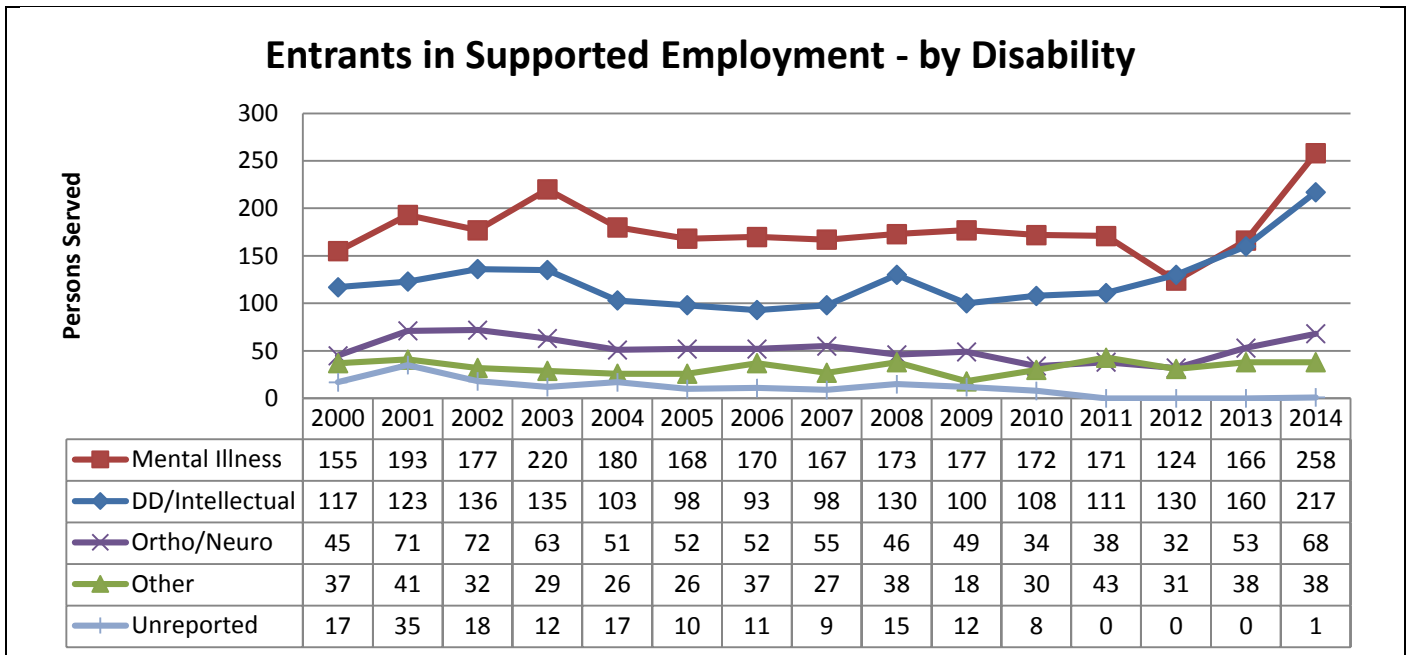
By contrast, in 2014 VR referrals to CBE were reduced to 26%; other public agencies 21%, schools 25%; other sources 19%; self-referrals 7%; and 2% unreported.

The table shows an overall decline in referrals of new participants from the primary sources in prior years. Without a steady referral source it is unlikely center-based employment is sustainable as current participants move to community-based employment or age out of the program.

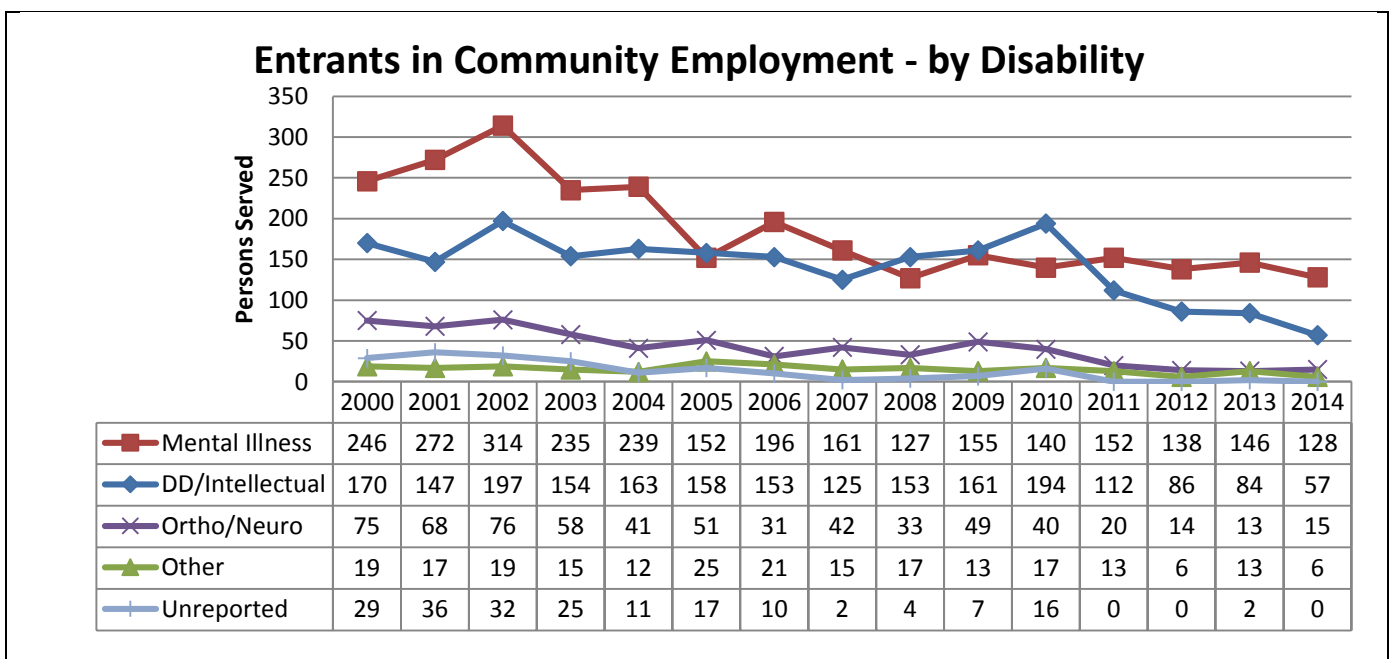


Program Entrants by Disability

The majority of the 582 entrants into Supported Employment this year have a primary diagnosis of mental illness (44%) or neurodevelopmental/intellectual (37%) disabilities. Since 2000, entrants with developmental/intellectual disabilities and mental illness have increased, 85% and 66%, respectively.

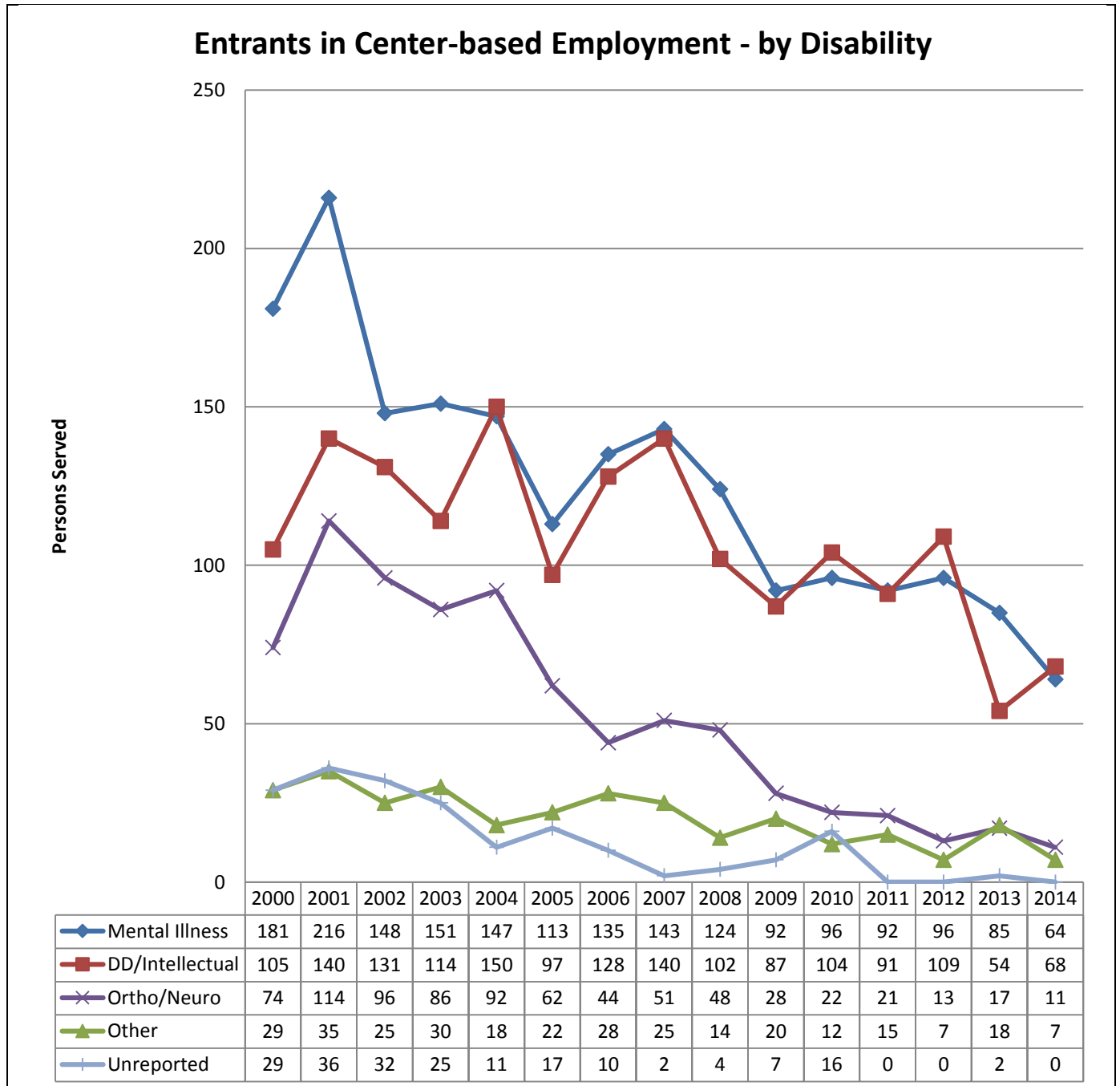


The majority of the 206 entrants into Community Employment this year have a primary diagnosis of mental illness (62%) or developmental/intellectual (28%) disabilities. Since 2000, entrants with developmental/intellectual disabilities and mental illness decreased, by 113 persons (66%) and 118 persons (48%), respectively.



The majority of the 150 entrants into Center-based Employment this year have a primary diagnosis of neurodevelopmental/intellectual disabilities (45%), and mental illness (43%).

Since 2000, entrants with mental illness decreased by 117 persons (65%) and developmental/intellectual disabilities by 37 persons (35%).



2014 Supported Employment Entrant Demographics - by Service Provider

Twenty-six providers reported entrants in Supported Employment (SE). Cedar Valley Services, Service Enterprises, and The Rising Phoenix reported no SE entrants. Entrants are defined as persons not previously reported in an Extended Employment program.

Provider (n=26)	Referral Source								Disability							
	VR Program	Public Org	Soc. Security	School	Medical	Self	Other	Unreported	DD/ Intellectual	Mental Illness	Ortho/Neuro	Auditory	Visual	Physical	Other	Unreported
Ability Building Center	4								1	2					1	
AccessAbility								1				1				
Autism Works							1		1							
Allina Health System	2	43				6	5	2	22	12	20	1	1		2	
Functional Industries	8	1							8		1					
Goodwill / Easter Seals	33	4				1	1	2	15	17	9					
Goodwill Ind. Voc. Ent	3	1							1	3						
Hennepin County VSP	26									26						
Hope Haven							1	1		1	1					
Jewish Family/Child. Svc	10								1	8			1			
KCQ	2								2							
Lifetrack Resources	32					3	5		16	20	1	3				
Lifeworks Services	1					1	8		9	1						
Midwest Special Service	6								1	4			1			
Mankato Rehab. Center	37	3		1					21	11	5		1		3	
Occupational Dev. Ctr.	10	4			2				5	10	1					
Opportunity Partners		44		2			1	11	24	18	13				2	1
Opportunity Services	47	5				1	7	3	31	20	6	2	2		2	
ProAct	19	2						1	14	4	1	1			2	
Productive Alternatives	38			1				1	11	26	2	1				
Resource	33								17	9	4	1	1		1	
Rise	19	14	3	2	4	8	3	26	11	56	4	7			1	
Tasks Unlimited		1			1			1		3						
WACOSA	5								4	1						
West Central Industries	1	1							1	1						
Winona ORC	1					3	2		1	5						
Subtotal	337	123	3	6	7	23	34	49	217	258	68	17	7	0	14	1
Total	582								582							

2014 Community Employment Entrant Demographics - by Service Provider

Seventeen providers reported entrants in Community Employment (CE). Midwest Special Services, Opportunity Partners, Service Enterprises, WACOSA, and West Central Industries reported no CE entrants. *Entrants are defined as persons not previously reported in an EE program.*

Provider (n=17)	Referral Source								Disability							
	VR Program	Public Org	Soc. Security	School	Medical	Self	Other	Unreported	DD/ Intellectual	Mental Illness	Ortho/Neuro	Auditory	Visual	Physical	Other	Unreported
Ability Building Center	5			12			7		15	5	3				1	
AccessAbility	1							1		2						
Cedar Valley Services	3			2					2	3						
Functional Industries	1	2							1	2						
Goodwill Industries Vocational Enterprise	1						1		1		1					
Hope Haven		3					2	1	3	2	1					
KCQ	1	1									1	1				
Mankato Rehabilitation Center	21	3							7	12	5					
Occupational Development Center	11	12			1				4	17	2	1				
Opportunity Services	2	6		2			2	3	13	1	1					
ProAct							1			1						
Productive Alternatives	1	4					1		2	4						
Resource	1											1				
Rise	1	8			2	1	1	4	4	13						
Tasks Unlimited		20			2	6	15	11		54						
The Rising Phoenix	2	3			1			2	3	4	1					
Winona ORC	3					5	4		2	8					2	
Subtotal	54	62	0	16	6	12	34	22	57	128	15	3	0	0	3	0
Total	206								206							

2014 Center-based Employment Entrant Demographics - by Service Provider

Thirteen providers reported entrants in Center-based Employment (CBE). Midwest Special Services and WACOSA reported no CBE entrants. *Entrants are defined as persons not previously reported in an EE program.*

Provider (n=13)	Referral Source								Disability							
	VR Program	Public Org	Soc. Security	School	Medical	Self	Other	Unreported	DD/ Intellectual	Mental Illness	Ortho/Neuro	Auditory	Visual	Physical	Other	Unreported
Ability Building Center	18	2		14			19	0	17	25	6	2	1		2	
AccessAbility							1	1	1	1						
Cedar Valley Services				9					8						1	
Functional Industries	1	1							1	1						
Goodwill Industries Vocational Enterprises	1						4		1	3	1					
Hope Haven		1					2		2	1						
Mankato Rehabilitation Center	7	6							4	8	1					
Occupational Development Center	5	11							6	9					1	
ProAct		2					1		2	1						
Productive Alternatives		6		1					5	1	1					
Rise				14				1	13	1	1					
West Central Industries	1	1						1	0	3						
Winona ORC	6	1				11	1	0	8	10	1					
Subtotal	39	31	0	38	0	11	28	3	68	64	11	2	1	0	4	0
Total	150								150							

2014 Transition-age Entrants - by Service Provider

Twenty-five providers reported entrants of transition-age. Autism Works, Hennepin County Vocational Program, and KCQ reported no entrants of transition-age (22 years and under) to an EE program during the year. *Entrants are defined as persons not previously reported in an Extended Employment program.*

Provider (n=25)	Supported Employment	Community Employment	Center-based Employment	Total
Ability Building Center		14	19	33
AccessAbility			1	1
Allina Health System	1			1
Cedar Valley Services		3	9	12
Functional Industries	7	1		8
Goodwill / Easter Seals	15			15
Goodwill Industries Vocational Enterprises	1	1	1	3
Hope Haven		3	2	5
Jewish Family and Children's Services of Mpls.	1			1
Lifetrack Resources	11			11
Lifeworks Services	2			2
Midwest Special Service	1			1
Mankato Rehabilitation Center	22	9	5	36
Occupational Development Center	7	6	5	18
Opportunity Partners	10			10
Opportunity Services	18	7	0	25
ProAct	7		2	9
Productive Alternatives	20	3	4	27
Resource	4			4
Rise	13	3	15	31
Tasks Unlimited		2		2
The Rising Phoenix		2		2
WACOSA	3			3
West Central Industries	1			1
Winona ORC	1	3	9	13
Subtotal	145	57	72	274

Performance-based Funding System

The [program purpose](#) is “to provide the ongoing employment support services necessary to maintain and advance the employment of persons with severe disabilities....” Therefore, the primary measure of success is employment.

The unit of distribution of extended employment program funding is the payment for one work hour performed by an eligible worker and reported to the department in the extended employment program. *Minn. R. 3300.2035, subpart 1.*

Work hours means hours for which a workers performs paid work, including hours of paid holidays, paid sick, paid vacation, and other paid leave. A work hour is the basic funding unit for allocating extended employment program funds. *Minn. R. 3300.2005, subpart 37.*

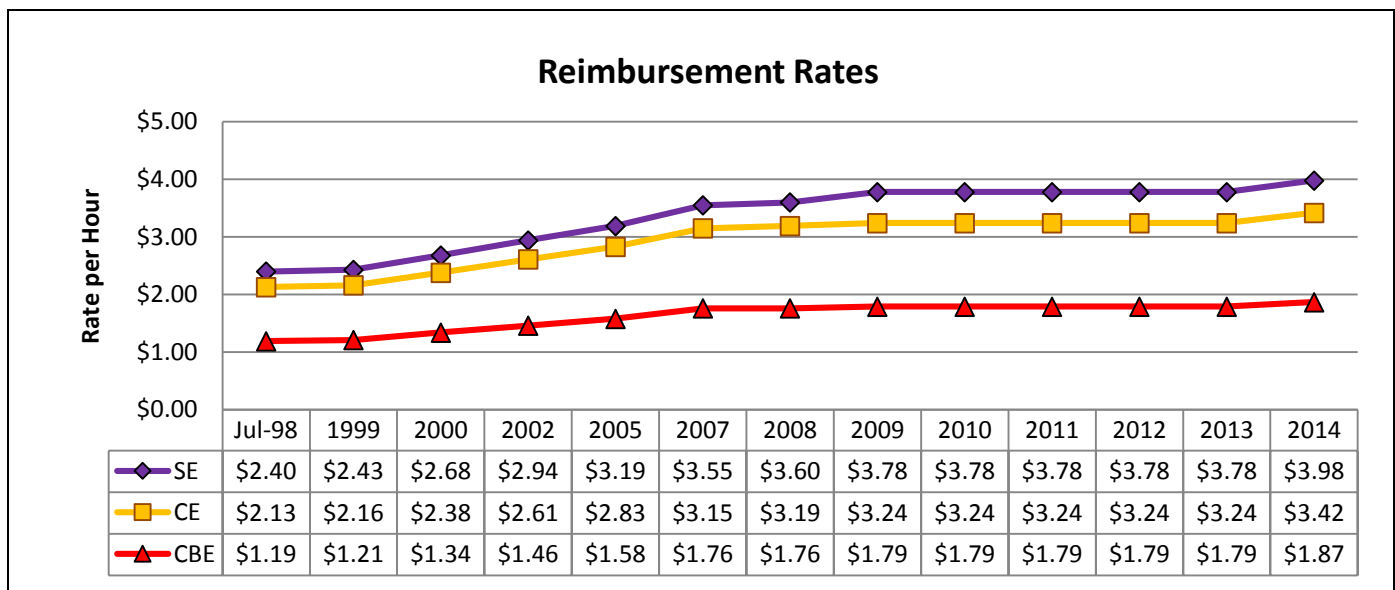
Extended employment provider means a rehabilitation facility⁶ certified by the commissioner under Minn. Rules 3300.2010 to provide center-based, community, or supported employment.

Statewide Provider Reimbursement Rates

Extended Employment providers are reimbursed for each reported hour of work (performed by eligible participants) at the current statewide rate, up to contracted allocations.

State law requires, “*Employment must encompass the broad range of employment choices available to all persons and promote an individual’s self-sufficiency and financial independence.*” To this end, a statewide uniform rate⁷ was established for each subprogram recognizing varying levels of consumer control, community integration, and the historical earning capacity by employment model.

From 1998-2014, the SE rate has increased 66%, or \$1.58 per hour. The CE rate has increased 61%, or \$1.29 per hour. And, the CBE rate has increased 57%, or \$.68 per hour. The following chart compares changes in these hourly provider reimbursement rates since the promulgation of the current administrative rules governing the program.



⁶Rehabilitation facility; Minn. R. 3300.2005, Subpart 34.

⁷Statewide uniform rates; Minn. R. 3300.2035, Subpart 6.

Two Funds to Manage Resources

The ***Community Support Fund*** (CSF) is used to manage dollars allocated for ongoing employment support services provided to workers in community-based employment settings. Services support workers in the community employment and supported employment subprograms. For the year ending June 30, 2014 the Department established CSF contracts totaling \$9,789,771.

The ***Center Based Fund*** (CBF) is used to manage dollars allocated for ongoing employment support services to workers performing paid work on premises owned or operated by an EE provider. For the year ending June 30, 2014 the Department established CBF contracts totaling \$2,275,149.

[Contracted allocations](#) to providers are detailed on the next page.

Fund Distribution Method

For each state fiscal year, the department determines the statewide allocation to each fund according to *Minnesota Rules, 3300.2035, subpart 7*:

From the state appropriation, the department reserves for the CSF an amount of dollars equal to the sum of the allocations for the starting point for all providers with contracts and making application for funding.

From the state appropriation, the department reserves from the CBF an amount of dollars equal to (a) the sum of the allocations for the starting point for all providers with contracts and making application, less (b) any allocation withheld resulting from the request for proposals process, multiplied by the statewide uniform rate for center-based employment. However, no statewide allocation of extended employment funds to the center-based fund shall exceed \$4,279,000, the funding allocation for center-based employment in state fiscal year 1997.

Adjustments to the statewide allocation may be made based on shifts of dollars from the center-based fund to the community support fund as requested by providers. Shifts will be adjusted at the starting point for each provider requesting shifts.

The remainder of the state appropriation will be subject to distribution according to the department's application and guidelines for funding.

Wage Level Incentive Bonus

All funds not paid out to providers as a result of underproduction and all funds repaid to the department by providers as the result of final audit adjustments must be used as a performance fund for extended employment providers whose workers' wages meet or exceed the federal minimum wage. The incentive fund must be distributed to each extended employment provider based on the proportionate share of hours of work where the statutory minimum or a higher wage was paid. The ratio is the provider's hours divided by the total hours meeting minimum wage reported by all extended employment providers. The incentives are calculated and paid separately for the center-based and the community support fund. [*Minnesota Rules, 3300.2045*]

See pages 42-44 for qualified hours in [supported employment](#), [community employment](#) and [center-based employment](#).

Contracted Allocations

Of the \$12,575,000 appropriation, \$379,000 was for administration, \$35,000 was granted to Advocating Change Together, \$12,064,920 was granted to service providers, and \$96,080 was reserved for rule-making expenses.

Provider	Community Support Fund		Center-based Fund		Total
	Base	New/Exp ⁸	Base	New/Exp	
Ability Building Center	654,228	0	235,209	0	889,437
AccessAbility	149,791	0	22,091	0	171,882
Autism Works	0	93,476	0	0	93,476
Cedar Valley Services	356,533	0	204,947	0	561,480
Allina Health System	185,074	0	0	0	185,074
Functional Industries	342,663	86,413	80,000	0	509,076
Goodwill / Easter Seals	205,888	85,567	0	0	291,455
Goodwill Industries Vocational Enterprises	168,416	0	198,831	0	367,247
Hennepin County VSP	150,649	0	0	0	150,649
Hope Haven	119,673	0	105,122	0	224,795
Jewish Family/Children's Svcs.	116,708	0	0	0	116,708
KCQ	139,389	0	0	0	139,389
Lifetrack Resources	279,075	0	0	0	279,075
Lifeworks Services	0	72,863	0	0	72,863
Midwest Special Service	42,030	0	14,117	0	56,147
Mankato Rehabilitation Center	1,140,132	0	602,749	0	1,742,881
Occupational Development Ctr	595,791	64,714	266,447	0	926,952
Opportunity Partners	598,269	0	0	0	598,269
Opportunity Services	330,039	83,866	0	0	413,905
ProAct	240,428	0	126,458	0	366,886
Productive Alternatives	567,910	0	126,189	0	366,886
Resource Inc	218,461	34,897	0	0	253,358
Rise	836,987	86,126	70,209	0	993,322
Service Enterprises	81,884	0	0	0	81,884
Tasks Unlimited Building Svcs	797,985	0	0	0	797,985
The Rising Phoenix	28,386	0	0	0	28,386
WACOSA	96,606	0	5,524	0	102,130
West Central Industries	331,069	0	116,456	0	447,525
Winona ORC	407,785	0	100,800	0	508,585
Subtotal (n=29)	\$ 9,181,849	\$ 607,922	\$ 2,275,149	\$ 0	\$ 11,737,707
Fund Total		\$ 9,789,771		\$ 2,275,149	\$ 12,064,920

⁸New or expanded programs (M. Rules, 3300.2030).

New and Expanded Programs

Requirements for New and Expanded Programs

Funding for new or expanded programs. The department shall provide notice of the availability of funding for new or expanded programs through a request for proposals published in the State Register. The department shall make copies of the request for proposals available to a city, town, county, nonprofit corporation, state regional center, or combination thereof. Applicant organizations shall submit an application for a new extended employment program or for expansion of an existing extended employment program. The commissioner shall use the following criteria in reviewing applications for a new or expanded program:

- A. The need for the new or expanded program;
- B. The relationship of the new or expanded individual program to any current programs in terms of identified needs;
- C. The performance of current programs;
- D. The geographic distribution of the current programs and the new or expanded program in relationship to geographic needs;
- E. Efforts to foster innovation and promote state-of-the-art best practices in supported employment consistent with Minnesota Statutes, section 268A.15, subdivision 6; and
- F. The availability or funding for new or expanded programs.

Department review of proposals. The department shall base its decisions on proposals upon objective criteria and a review process that includes representatives of affected county social service agencies; the local vocational rehabilitation office, providers outside the affected service area, representation from racial and ethnic minorities, and advocacy organizations as defined in part 3300.2005, subpart 3.

Exception to contracting procedures and adjustment of state grant funds for new or expanded programs. New or expanded programs under this part may be exempt from the contracting procedures in part 3300.2035, subpart 4, item A, and the adjustment of state grant funds in part 3300.2035, subpart 8, for up to three years.

Notice of Request for Proposals

January 7, 2013 the department published notice in the State Register and on the department's website:

"The purpose of this notice is to announce the availability of up to \$575,250 for new or expanded Extended Employment programs to target services to un-served and underserved Minnesotans with disabilities. Up to seven awards are projected, averaging \$80,866. Funding for the first year will be prorated for the three month period April 1 to June 30, 2013. Continuation funding may be anticipated on an annual basis (July – June) by application and dependent on the provider's performance and continuing progress toward earning contracted allocations through the new and expanded period, ending June 30, 2016.

The eligible employment options for funding under this notice are supported employment and community employment as defined in M. Rules 3300.2005, subparts 35 and 10, respectively, with a preference for supported employment. Persons to be served are Minnesotans who have a severe physical or mental impairment that results in serious limitations to employment in three or more functional areas as determined by a qualified healthcare

professional. There is a preference for serving persons with Autism Spectrum Disorder, Serious Mental Illness and/or Serious and Persistent Mental Illness. There is a preference for providing services to residents outside the seven-county metropolitan area.

Grant funding is available through a state appropriation under Minn. Stat. 268A.15, and administered in accordance with Minnesota Rules, 3300.2005 to 3300.2055.

The RFP and Application Form are necessary to submit a proposal. Both are attached to this email and are available by download from the following DEED webpage **COMPETITIVE CONTRACT OPPORTUNITIES**. Scroll down to select, ‘Extended Employment Ongoing Support Grants’....”

Proposals were not accepted for consideration after 4:30 p.m. February 21, 2013.

Summary of Proposals

The department received fourteen (14) proposals for approximately \$1.8 million, roughly three times the amount of funding available.

As described in the RFP, funds were designated for supported employment and community employment as defined in Minnesota Rules, 3300.2005. Preference was given to supported employment programs targeting Minnesotans with Autism Spectrum Disorder, Serious Mental Illness or Serious and Persistent Mental Illness, and residents outside the seven-county metropolitan area. Additional consideration was given to proposals that aimed for incomes above the poverty level and served ethnic or racial groups or persons with complicating factors, such as non-English speakers or persons with criminal records.

Proposals ranged from \$41,126 to \$506,520. All included supported employment projects, totaling \$1,788,696. There were three proposals for community employment, totaling \$57,335. The geographic distribution included nine (9) proposals exclusively outside the seven-county metro area, two (2) exclusively within the metro area, and three (3) proposed services in both metro and outstate areas.

Objective Criteria and Review Process

Criteria. VRS approved the 2013 VRS Extended Employment Program Funding Priorities, September, 2012. The RFP identified the selection criteria based on VRS’ funding priorities and Minnesota Rules, 3300.2030, subpart 1. A rating sheet was developed to ensure a uniform system for the evaluation of proposals.

Review Group. Dee Torgeson and Roland Root, regional area managers, served as the local VR program representatives. Jeff Bangsberg served as the advocate representative. Since the RFP targeted services to outstate Minnesota, it was impossible to identify a single county representative from the affected services area. So it was decided to select a county representative from the metro area who was unlikely to have a conflict of interest. Tim Hammond, Ramsey County contract manager, served as the county representative. Abbie Wells-Herzog and Claire Courtney served as the minority representatives for persons with autism and mental illness, respectively. Wendy Keller served as an EE program representative. Anita Kavitz served as an EE program representative and technical advisor to the group. John Sherman served as a member-at-large. External reviewers signed confidentiality agreements.

2013 Proposals Funded

The facilitated review group conducted the analysis of proposals and made recommendations to the VRS management team who selected the following eight (8) proposals and authorized grant awards. Grant contracts were effective April 1, 2013 except Lifeworks Services which was effective May 1, 2013. These grantees are entitled to three full years (thru June 30, 2016) to develop the program capacity described below.

<u>Goodwill/Easter Seals of MN</u> - \$80,968 to provide up to 21,420 hours of Supported Employment	
Persons served:	Approximately, 45 persons who have additional complicating factors, including: criminal records, non-English speaking, multiple diagnoses, transition-age youth, aging workers, etc.
Primary disability:	Autism spectrum (60%), and Serious Mental Illness or SPMI (40%)
County of residence:	Blue Earth, Chippewa, Kandiyohi, Le Sueur, McLeod, Meeker, Nicollet, Renville, and Swift
Referral source:	VRS (80%), and County Social Service agencies (20%)
<u>Functional Industries</u> - \$81,769 to provide up to 21,632 hours of Supported Employment	
Persons served:	Approximately, 13 persons who are not reported workers in the MN Extended Employment Program, of which some may also be transition-age
Primary disability:	Autism spectrum
County of residence:	Benton, McLeod, Meeker, Sherburne, Stearns, Wright
Referral source:	VRS
<u>Rise</u> - \$81,497 to provide up to 21,560 hours of Supported Employment	
Persons served:	Approximately, 35 persons who are not reported workers in the MN Extended Employment Program, where over 90% have criminal records
Primary disability:	Serious Mental Illness or SPMI (60%) and Chemical dependency, Autism, Physical (40%)
County of residence:	Benton, Sherburne, Stearns, Wright
Referral source:	VRS (60%); Corrections Dept, County Social Service, Halfway houses (40%)
<u>Autism Works</u> - \$88,452 to provide up to 23,400 hours of Supported Employment	
Persons served:	Approximately, 18 Minnesotans with a most severe disability
Primary disability:	Autism spectrum
County of residence:	Kandiyohi

Referral source:	VRS
<u>Lifeworks Services</u> - \$68,947 to provide up to 18,240 hours of Supported Employment	
Persons served:	Approximately, 19 Minnesotans with a most severe disability
Primary disability:	Autism spectrum (80%), and Multiple diagnoses (20%)
County of residence:	Blue Earth, Brown, Nicollet, Sibley, Waseca, Watonwan
Referral source:	VRS (80%), and County Social Service agencies (20%)
<u>Resource</u> - \$33,022 to provide up to 8,736 hours of Supported Employment	
Persons served:	Approximately, 7 persons who are not reported workers in the MN Extended Employment Program
Primary disability:	Serious Mental Illness or SPMI (75%), and Autism, TBI, Learning Disability (25%)
County of residence:	Benton, Meeker, Morrison, Sherburne, Stearns, Wright
Referral source:	VRS (60%) and Mental Health Center (40%)
<u>Opportunity Services</u> - \$79,359 to provide up to 20,994 hours of Supported Employment	
Persons served:	Approximately, 17 persons who are not reported workers in the MN Extended Employment Program
Primary disability:	Autism spectrum (40%), and Serious Mental Illness or SPMI (60%)
County of residence:	Olmstead
Referral source:	VRS (75%), and County Social Service agencies and High schools (25%)
<u>Occupational Development Center</u> - \$61,236 to provide up to 16,200 hours of Supported Employment	
Persons served:	Approximately, 30 persons who are not reported workers in the MN Extended Employment Program
Primary disability:	Serious Mental Illness or SPMI (40%)
County of residence:	Pennington, Polk, Red Lake, Roseau
Referral source:	VRS

Center-based Funds Earned

Nine (9) providers earned contracted allocations, and one (1) came within 5%; these providers were entitled to SFY15 contracts at SFY14 levels and were eligible to apply for new/expanded funds, if the total underproduction reached 1% of the CBF allocation and a request-for-proposals (RFP) is authorized. No RFP was issued in SFY15.

Under-production was 5.6% of contracted CBE funds, contributing \$127,861 to the CBF Wage Incentive bonus to be distributed to providers based on their proportionate share of the highest wages earned by workers, at or above minimum, from July 1, 2013 through June 30, 2014.

Providers	Accepted CBE Hours ⁹	Value of Accepted Hours ¹⁰	CBF Contracted Allocation	+/- Contract	
				Dollars	Percent
Goodwill Industries Vocational Enterprises	151,702	283,683	198,831	84,852	43%
Productive Alternatives	101,187	189,220	126,189	63,031	50%
Mankato Rehabilitation Center	355,728	665,212	602,749	62,463	10%
Functional Industries	48,126	89,996	80,000	9,996	12%
Ability Building Center	127,491	238,409	235,209	3,200	1%
Rise	38,355	71,723	70,209	1,514	2%
WACOSA	3,691	6,901	5,524	1,377	25%
AccessAbility	12,541	23,453	22,091	1,362	6%
Midwest Special Service	7,727	14,449	14,117	332	2%
Occupational Development Center	140,771	263,241	266,447	(3,206)	-1%
Hope Haven	50,980	95,332	105,122	(9,790)	-9%
Winona ORC	42,158	78,836	100,800	(21,964)	-22%
ProAct	53,320	99,709	126,458	(26,749)	-21%
West Central Industries	46,439	86,840	116,456	(29,616)	-25%
Cedar Valley Services	90,059	168,410	204,947	(36,537)	-18%
Total (n=15)	\$1,270,275	\$2,375,414	\$2,275,149	\$100,265	
Under-production				(127,861)	5.6%

⁹ “Accepted hours” is the provider’s reported hours less variances that resulted from non-compliance with audit criterion.

¹⁰ “Value of Accepted Hours” is accepted hours multiplied by the statewide uniform rate for CBE.

Community Support Funds Earned

Fifteen (15) providers earned contracted allocations, and six (6) came within 5%; these providers were entitled to SFY15 contracts at SFY14 levels and were eligible to apply for new/expanded funds, if the total underproduction reached 1% of the CSF allocation and a request-for-proposals was authorized.

Under-production was 7% of contracted CSF allocations, contributing \$696,076 to the CSF Wage Incentive bonus to be distributed to providers based on their proportionate share of the highest wages earned by workers, at or above minimum, from July 1, 2013 through June 30, 2014.

Providers	Accepted Hours		Value of Accepted Hours	CSF Contract	+/- Contract	
	SE	CE			Dollars	%
Goodwill - Easter Seals	101,415	0	\$ 403,633	\$ 205,888	\$ 197,745	96%
Mankato Rehabilitation Center	216,151	125,253	\$ 1,288,648	\$1,140,132	\$ 148,516	13%
Opportunity Services	67,462	56,442	\$ 461,530	\$ 330,039	\$ 131,491	40%
Productive Alternatives	122,981	48,620	\$ 655,746	\$ 567,910	\$ 87,836	16%
Functional Industries	20,318	101,501	\$ 428,000	\$ 342,663	\$ 85,337	25%
Rise	165,995	75,423	\$ 918,605	\$ 836,987	\$ 81,618	10%
Tasks Unlimited Building Services	207,784	8,526	\$ 856,139	\$ 797,985	\$ 58,154	7%
WACOSA	18,434	14,273	\$ 122,182	\$ 96,606	\$ 25,576	27%
Hennepin County Voc. Services Prgm	44,128	0	\$ 175,630	\$ 150,649	\$ 24,981	17%
AccessAbility	25,883	18,843	\$ 167,455	\$ 149,791	\$ 17,664	12%
Jewish Family/Children's Svcs of Mpls	33,066	0	\$ 131,603	\$ 116,708	\$ 14,895	13%
Allina Health System	49,699	0	\$ 197,801	\$ 185,074	\$ 12,727	7%
KCQ	24,135	16,327	\$ 151,896	\$ 139,389	\$ 12,507	9%
Midwest Special Services	7,943	5,988	\$ 52,093	\$ 42,030	\$ 10,063	24%
The Rising Phoenix	4,448	3,130	\$ 28,408	\$ 28,386	\$ 22	.1%
Cedar Valley Services	3,933	98,666	\$ 353,094	\$ 356,533	\$ (3,439)	-1%
Lifetrack	68,968	0	\$ 274,493	\$ 279,075	\$ (4,582)	-2%
Opportunity Partners	149,013	18	\$ 593,132	\$ 598,269	\$ (5,137)	-1%
Resource	53,573	0	\$ 213,222	\$ 218,461	\$ (5,239)	-2%
Service Enterprises	2,825	17,802	\$ 72,126	\$ 81,884	\$ (9,758)	-12%
Goodwill Voc. Industries Enterprises	24,442	16,755	\$ 154,580	\$ 168,416	\$ (13,836)	-8%
ProAct	25,816	36,060	\$ 226,073	\$ 240,428	\$ (14,355)	-6%
Occupational Development Center	68,903	89,537	\$ 580,453	\$ 595,791	\$ (15,338)	-3%
Winona ORC	45,523	60,989	\$ 389,763	\$ 407,785	\$ (18,022)	-4%
Hope Haven	12,411	12,820	\$ 93,238	\$ 119,673	\$ (26,435)	-22%
West Central Industries	25,886	46,680	\$ 262,673	\$ 331,069	\$ (68,396)	-21%
Ability Building Center	48,785	100,580	\$ 538,146	\$ 654,228	\$ (116,082)	-18%
New/Expanded Programs (n = 8)	52,710	784	\$ 212,465	\$ 607,922	\$ (395,457)	-65%
Total (n = 29)	1,692,630	955,017	\$ 10,002,827	\$9,789,771	\$ 608,512	2%
Under-production from base and new/expanded contracts.....					\$ (696,076)	-7%

New and Expanded Community Support Funds Earned

None of the providers with new/expanded grants earned the contracted allocation. Two (2) providers came within 5% and the remaining six (6) earned less than contracted allocations for their New/Expanded programs.

These new and expanded programs received grant awards in April/May 2013 and are exempted from the contract starting point rule (the lesser of contract or production) until SFY2016. However the Department may reduce grants where the provider fails to show substantial progress.

Under-production from the new and expanded programs contributed \$395,457 to the Community Support Fund Wage Incentive bonus to be distributed in SFY15 to providers based on their proportionate share of wages earned by Extended Employment program workers, at or above minimum, from July 1, 2013 through June 30, 2014.

Occupational Development Center reported no hours worked by participants in the expanded grant in either SFY13 or SFY14. It is recommended that the Department consider reducing and/or terminating this grant allocation as no progress has been demonstrated in fifteen (15) months.

Autism Works provided ongoing employment support services to one person since the execution of the grant contract, and terminated the EE contract February 28, 2015 citing a lack of referrals by the Vocational Rehabilitation program for the grant's designated population (persons on the Autism Spectrum) in the designated geographic area (Willmar/Kandiyohi County).

Provider (N/E Program Period)	Accepted Hours ¹¹		Value of Accepted Hours ¹²	CSF Contract	+/- Contract	
	SE	CE			Dollars	Percent
Autism Works (April 1, 2013 - June 30, 2016)	1,504	0	5,987	93,476	(87,489)	-94%
Functional Industries (April 1, 2013 - June 30, 2016)	2,425	0	9,653	86,413	(76,760)	-89%
Goodwill/Easter Seals (April 1, 2013 - June 30, 2016)	2,353	0	9,366	85,567	(76,201)	-89%
Lifeworks Services (May 1, 2013 - June 30, 2016)	6,265	0	24,936	72,863	(47,927)	-66%
Occupational Development Center (April 1, 2013 - June 30, 2016)	0	0	0	64,714	(64,714)	-100.0%
Opportunity Services (April 1, 2013 - June 30, 2016)	20,163	0	80,248	83,866	(3,618)	-4%
Resource (April 1, 2013 - June 30, 2016)	8,077	784	34,827	34,897	(70)	-.2%
Rise (April 1, 2013 - June 30, 2016)	11,922	0	47,449	86,126	(38,677)	-45%
Total (n = 8)	52,709	784	\$212,466	\$607,922	(\$395,457)	65%

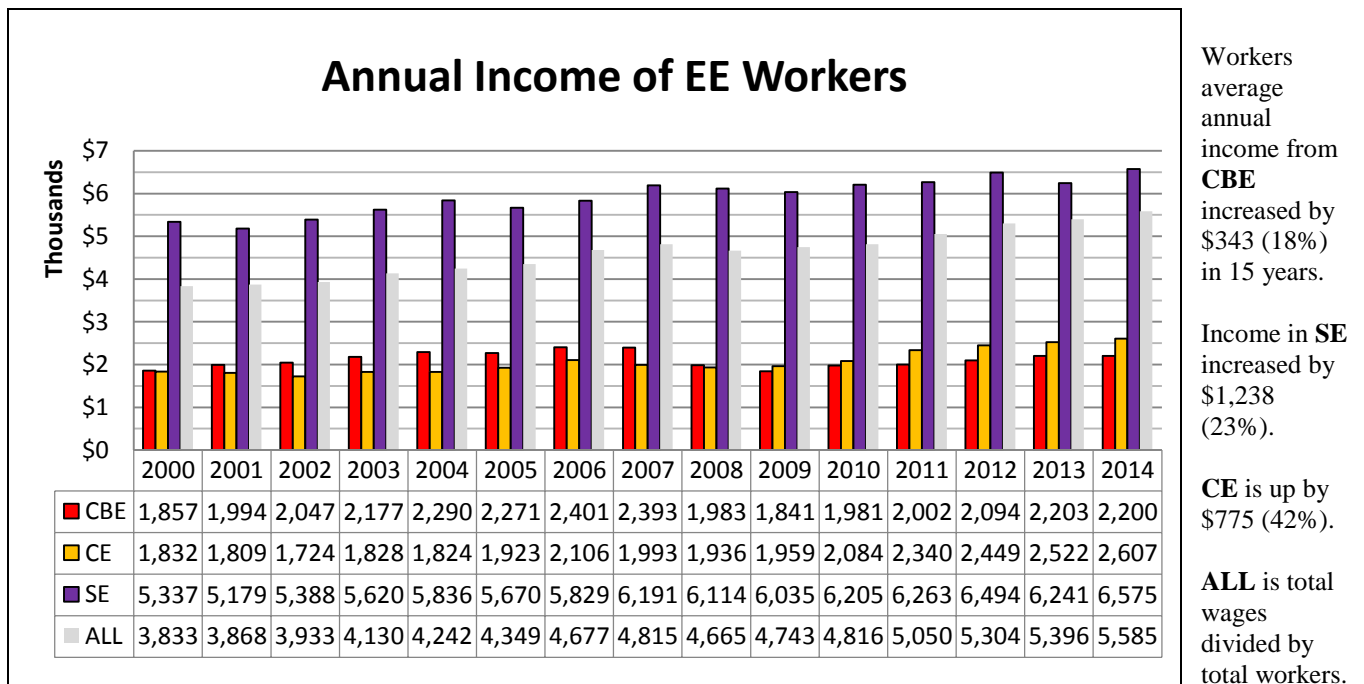
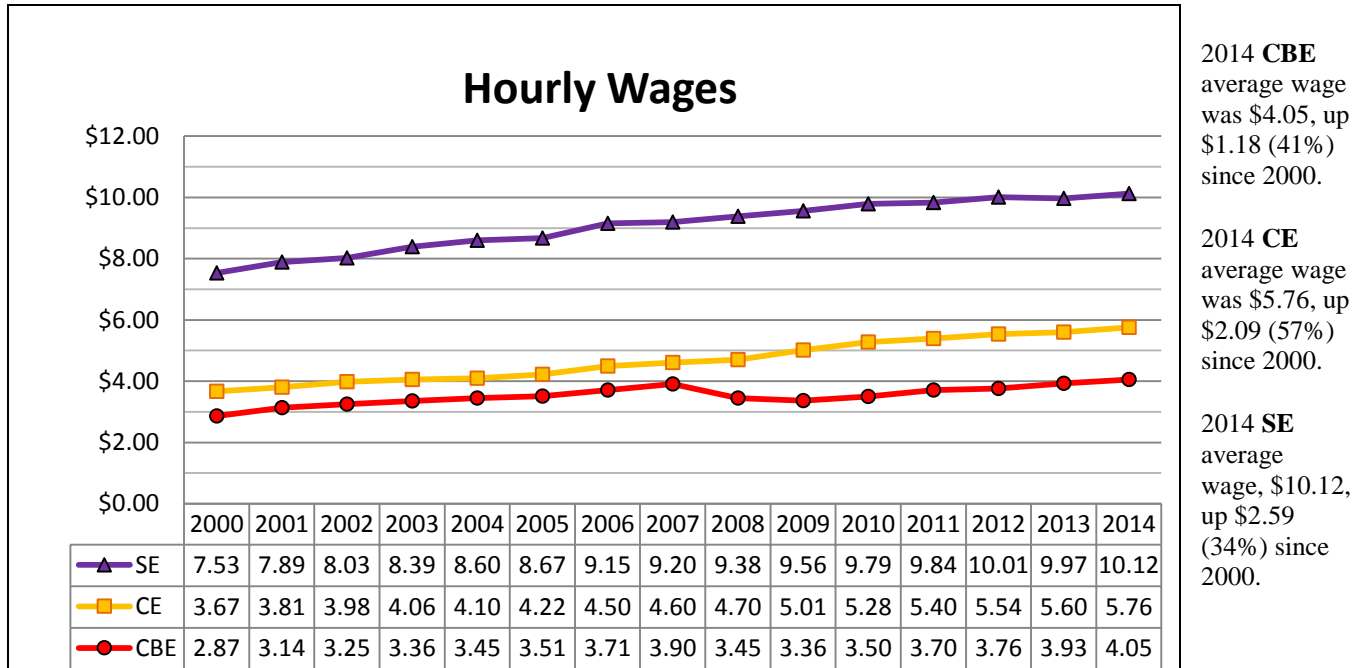
¹¹ "Accepted hours" is the provider's reported hours less variances that resulted from non-compliance with audit criterion.

¹² "Value of Accepted Hours" is accepted hours multiplied by the statewide uniform rates for SE and CE.

Program Trends and Analysis

Hourly Wages and Annual Incomes of Workers

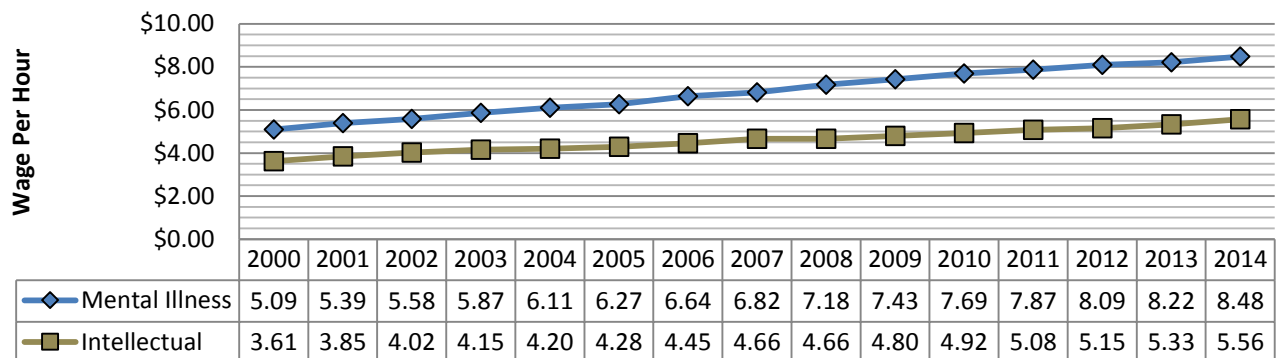
The tables compare the most widely accepted outcome of employment, personal income, and how it has changed over the past fourteen years for the average EE worker in different employment settings.



Wage History by Prevalent Disability Group and Employment Model

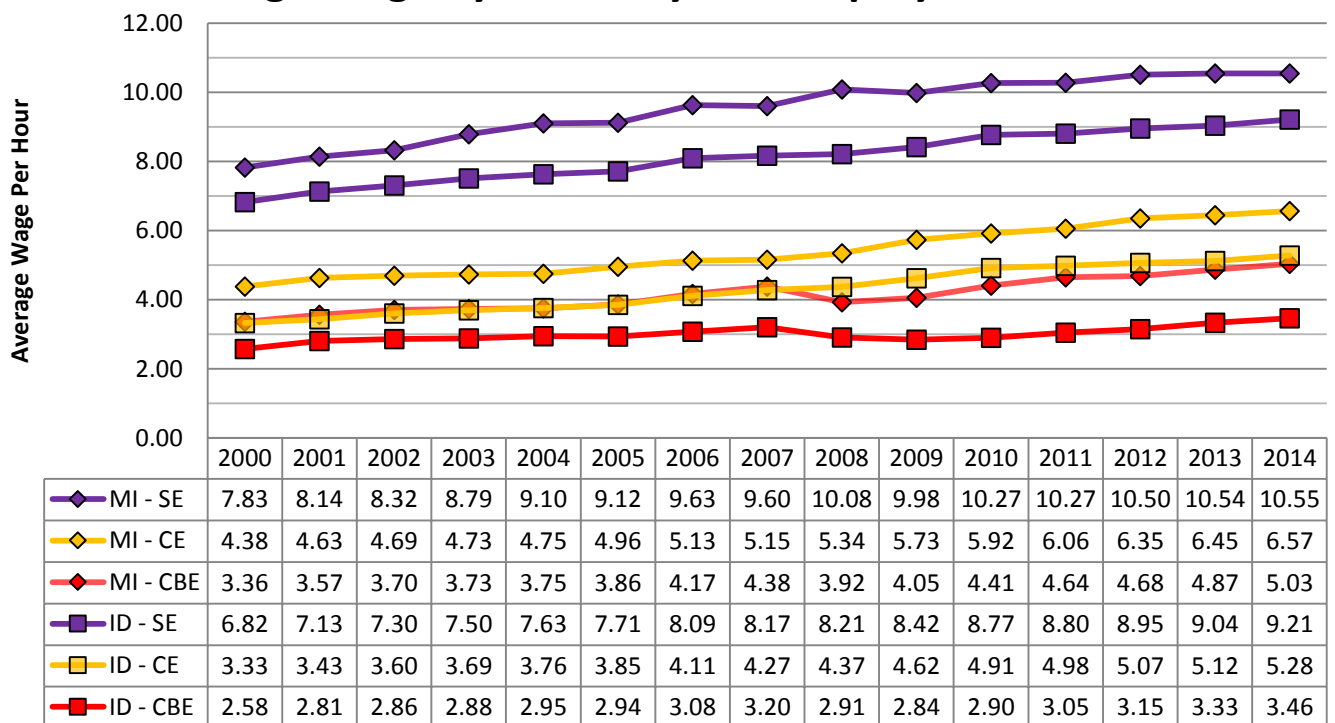
The first table displays the difference between average hourly wages earned in Extended Employment (SE, CE, and CBE) by persons reported to have a mental illness or neurodevelopmental intellectual disability. Although earnings have increased for both groups, the rate of increase is significantly greater for persons with a mental illness diagnosis.

Average Wage by Most Prevalent Disability Groups



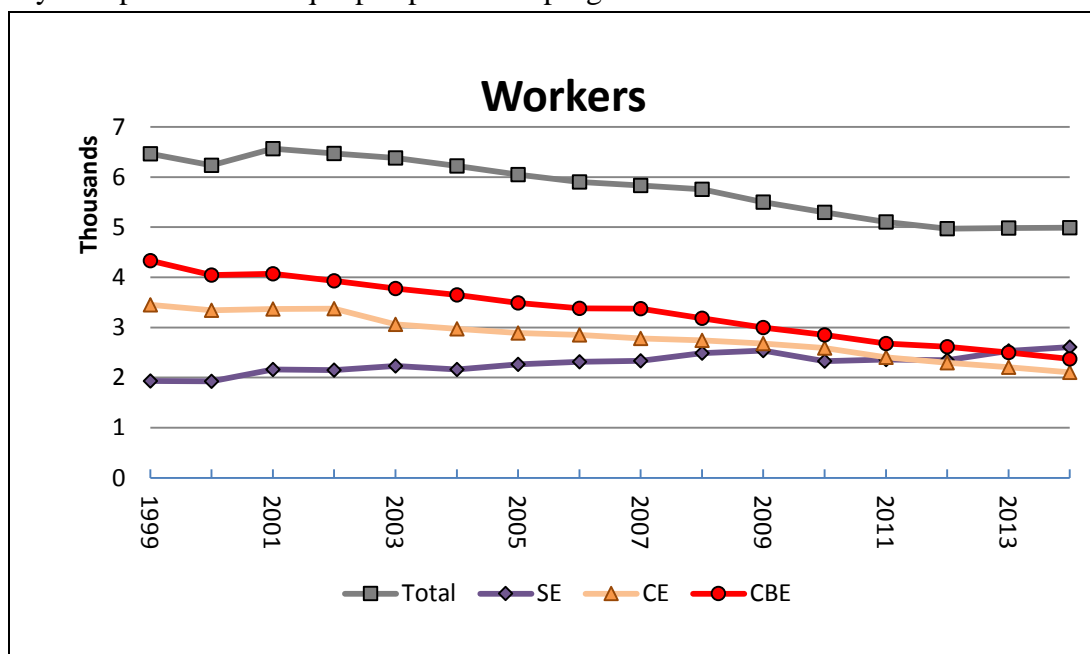
The table demonstrates, regardless of disability, persons employed in supported employment earn significantly higher wages than persons in less integrated employment models.

Average Wage by Disability and Employment Model



Workers, Hours and Wage Comparisons

Provider-reported data, collected since the implementation of the EE performance-based funding system provides a unique perspective of program trends over time.

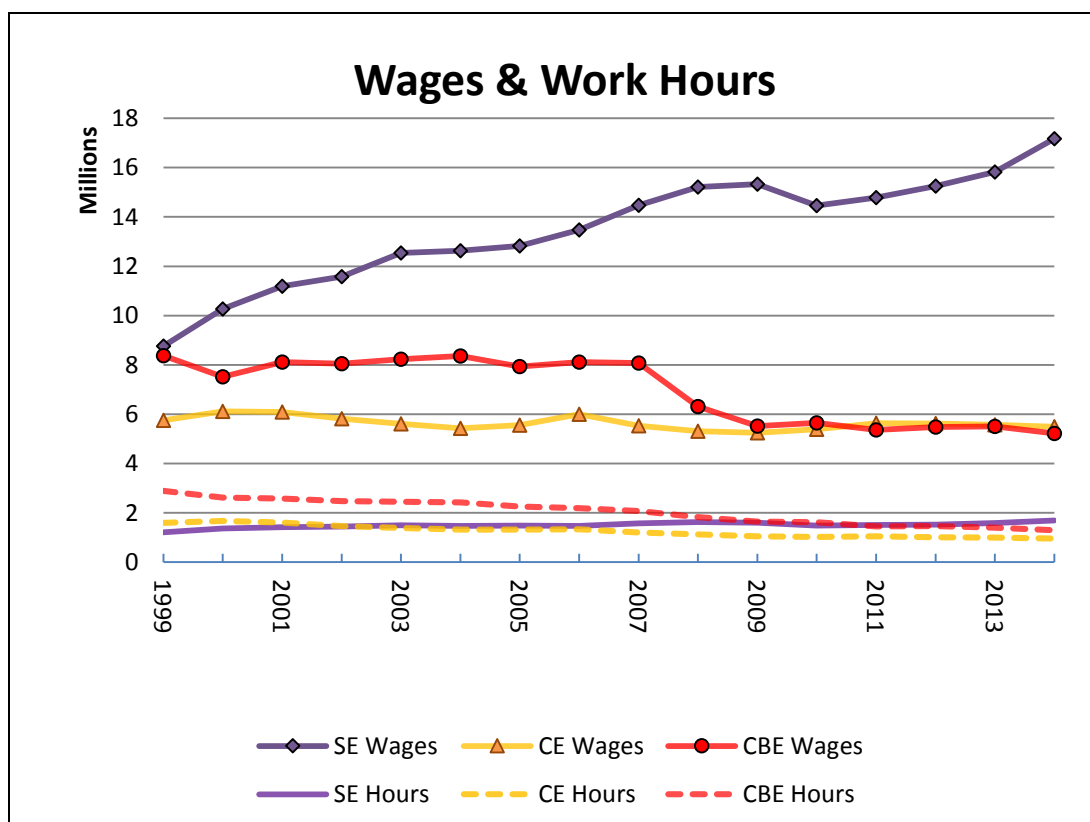


Total is an unduplicated count. The program is down 1,470 workers (23%) since 1999.

CBE is down 45% (1,960 workers)

CE is down 39% (1,345 workers)

SE is the only model to show growth at 35% (677 new workers since 1999).

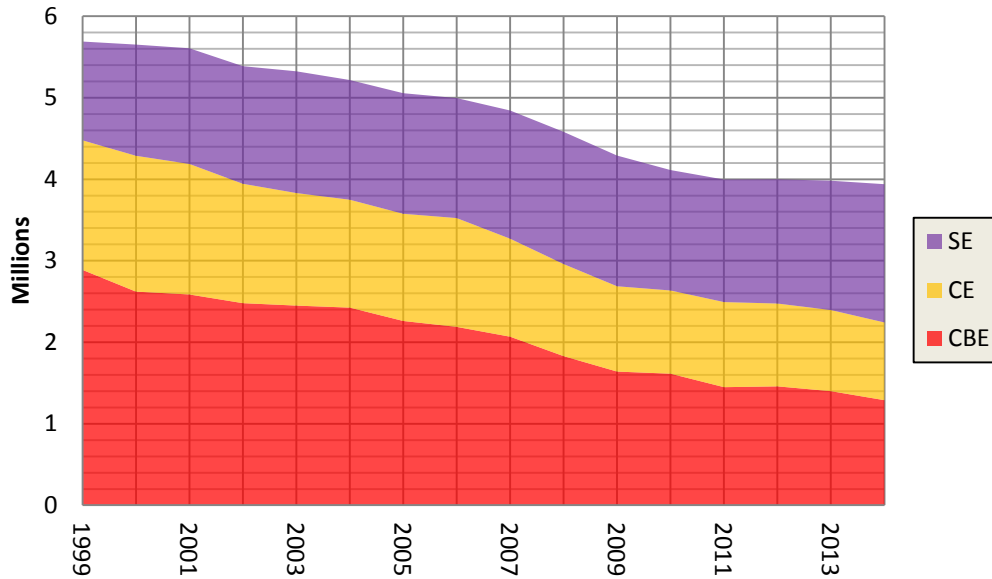


SE workers benefit from increasing incomes, despite relatively stable numbers of workers and work hours.

CBE wages appear least recession-proof. In 2008 workers lost \$1.7 million wages (22%), markedly disproportionate to the 5% reduction in workers and 11% in work hours.

CE hours and wages maintain a closer relationship than the other programs.

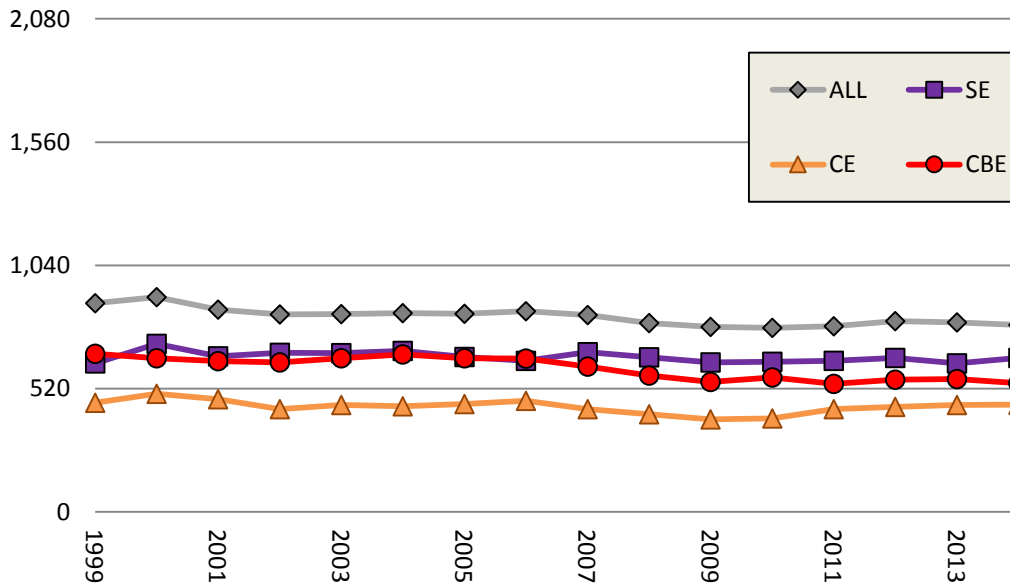
Work Hours



The change in work hours is relatively consistent with the change in workers.

The largest change occurring in CBE, down 1.6 million hours (55%) since 1999.

Annual Hours of Work



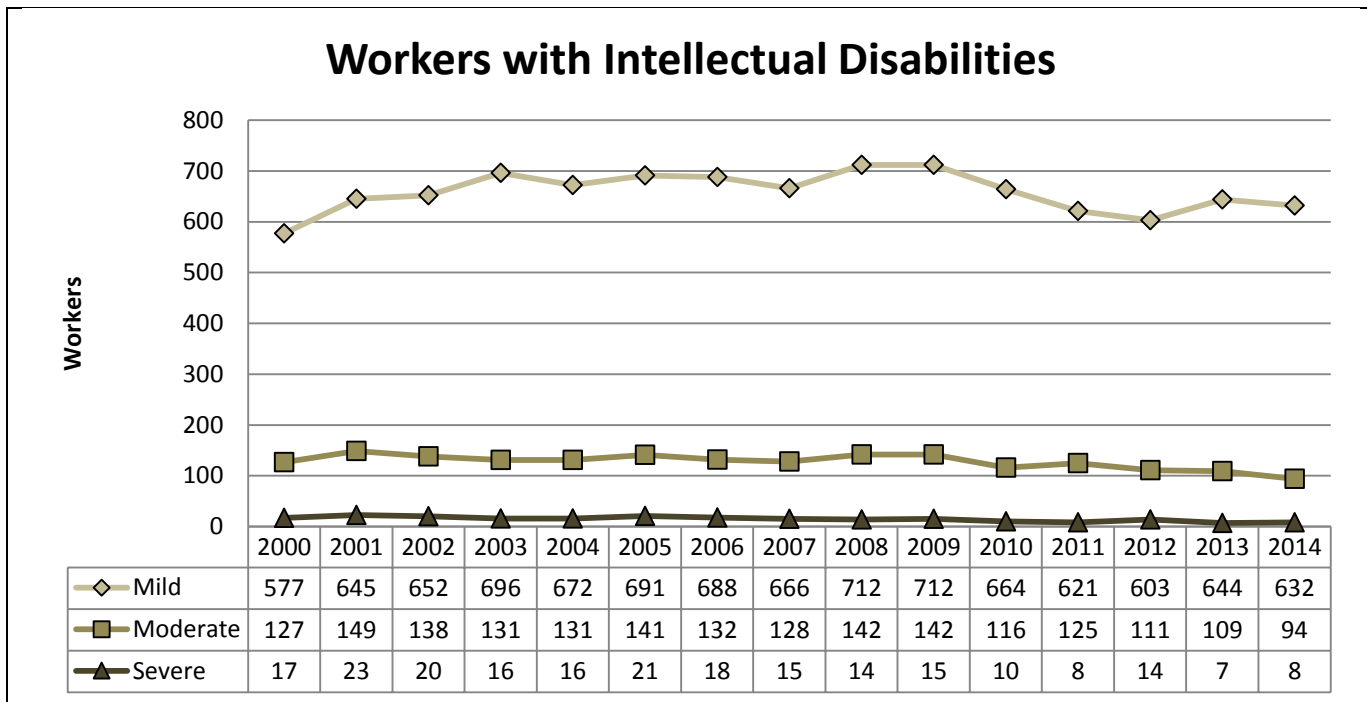
ALL is the unduplicated work hours across all settings.

Average annual work hours have dropped by 91 hours (10%) since 1999.

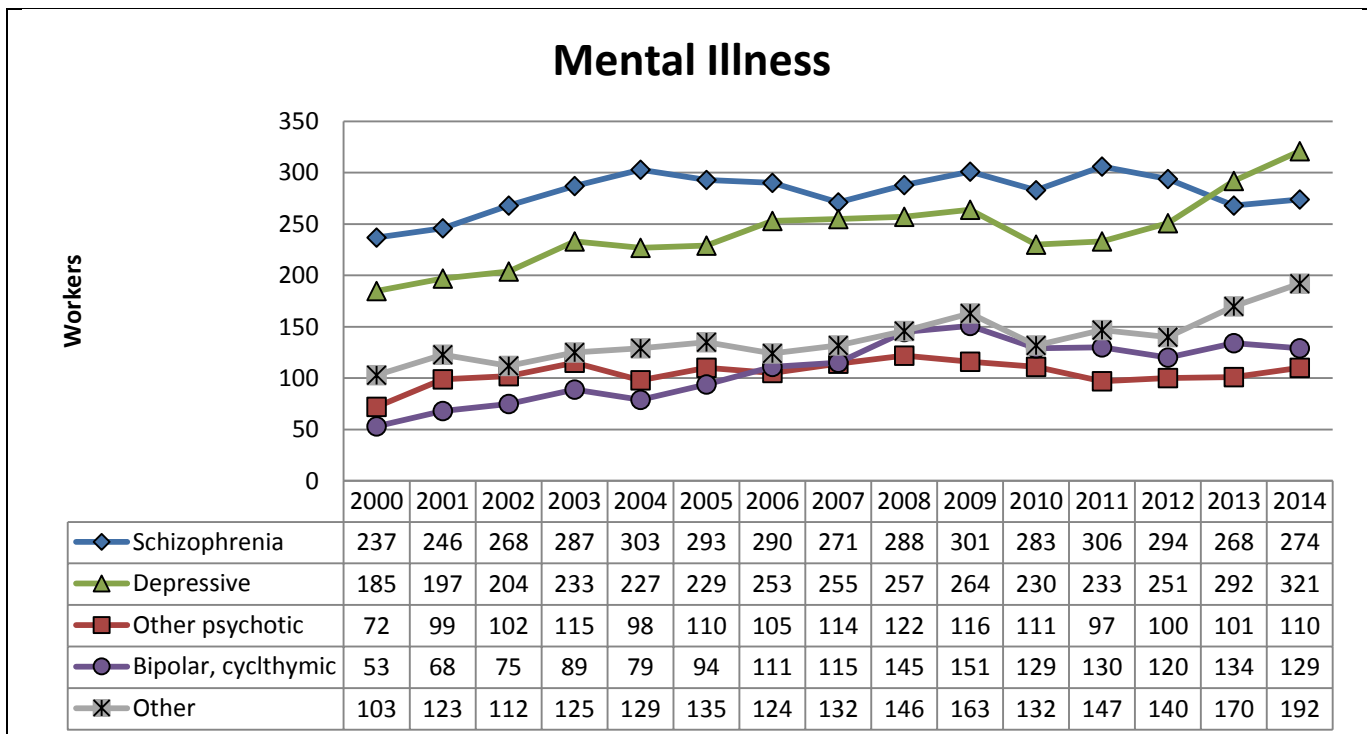
The average EE worker was employed less than half-time (789 hours per year) in ALL settings in 2014.

Supported Employment – Persons Served by Primary Disability

In 2014, 734 workers with a neurodevelopmental intellectual disability were reported in supported employment, categorized by severity: Mild 86%, Moderate 13%, and Severe 1%.

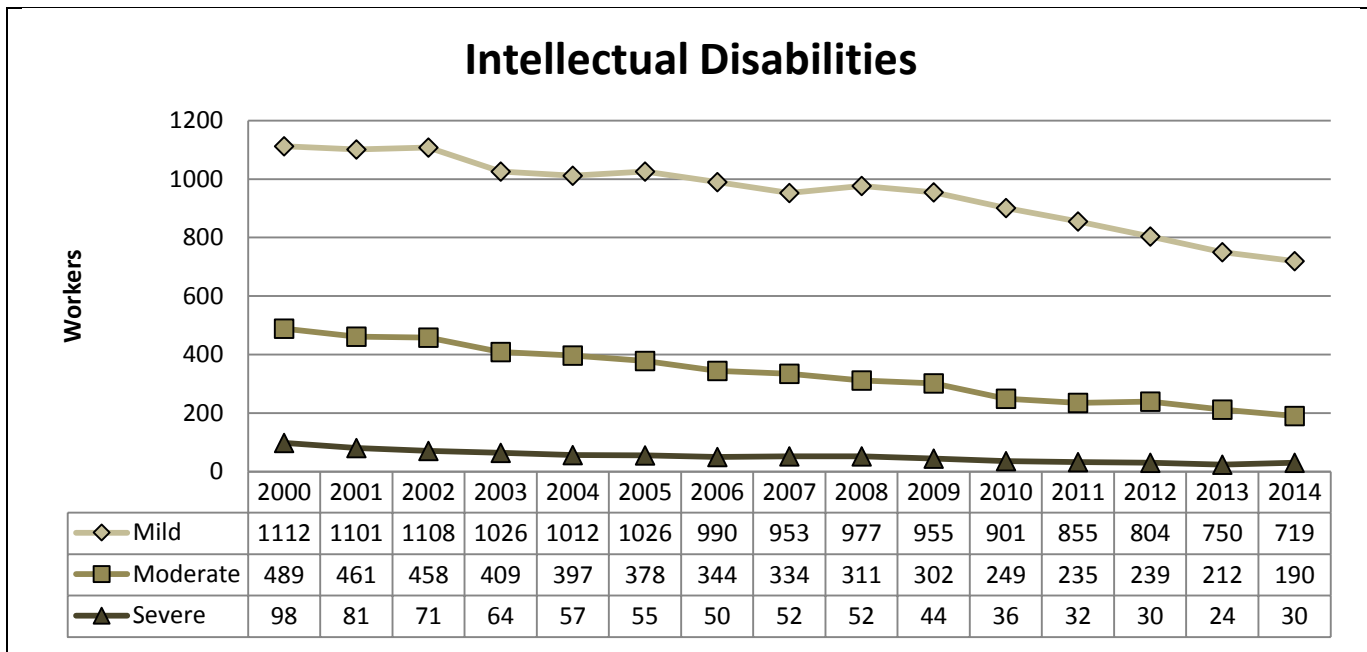


In 2014, 1,026 workers with a mental illness were reported in supported employment, categorized by prevalence: Depressive 31%, Schizophrenia 27%, Bipolar/cyclothymic 13%, and others 29%.

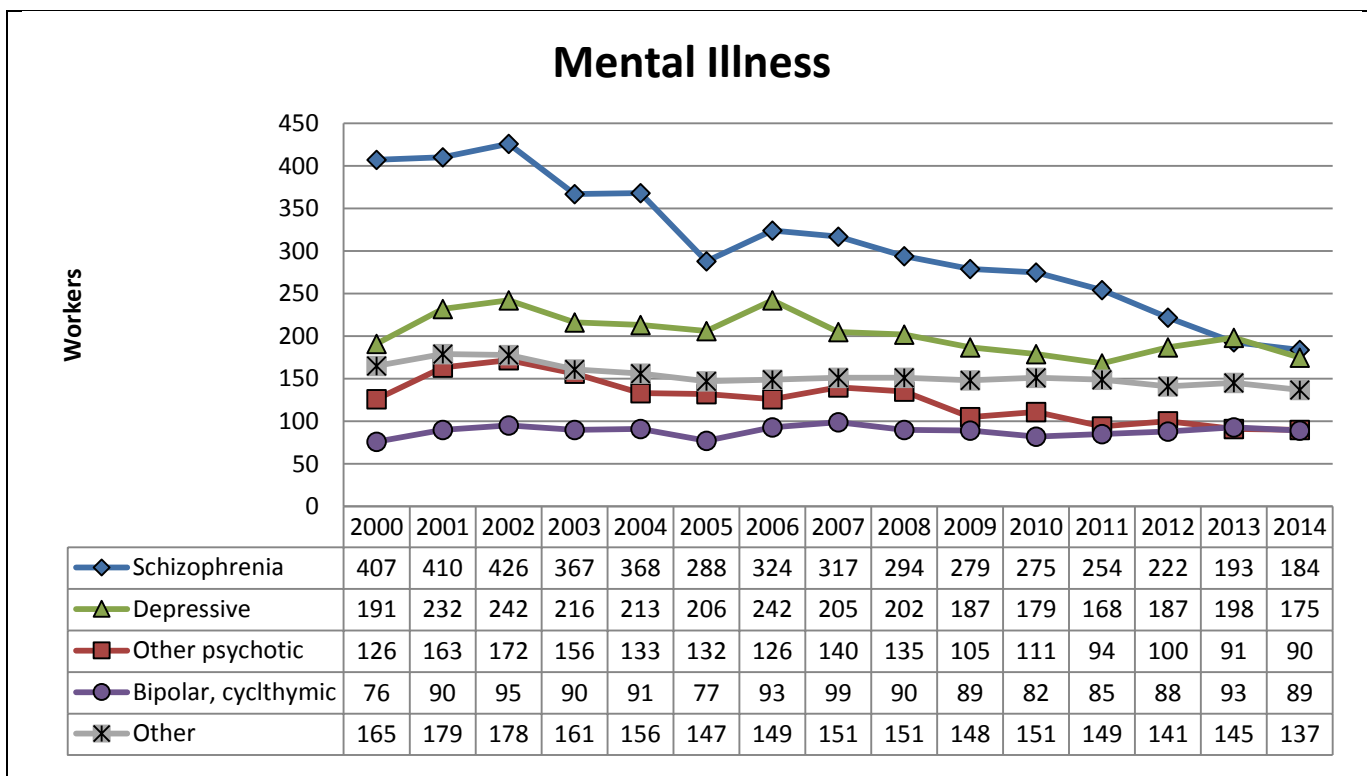


Community Employment – Persons Served by Primary Disability

In 2014, 939 workers with a neurodevelopmental intellectual disability were reported in community employment, categorized by severity: Mild 77%, Moderate 20%, and Severe 3%.

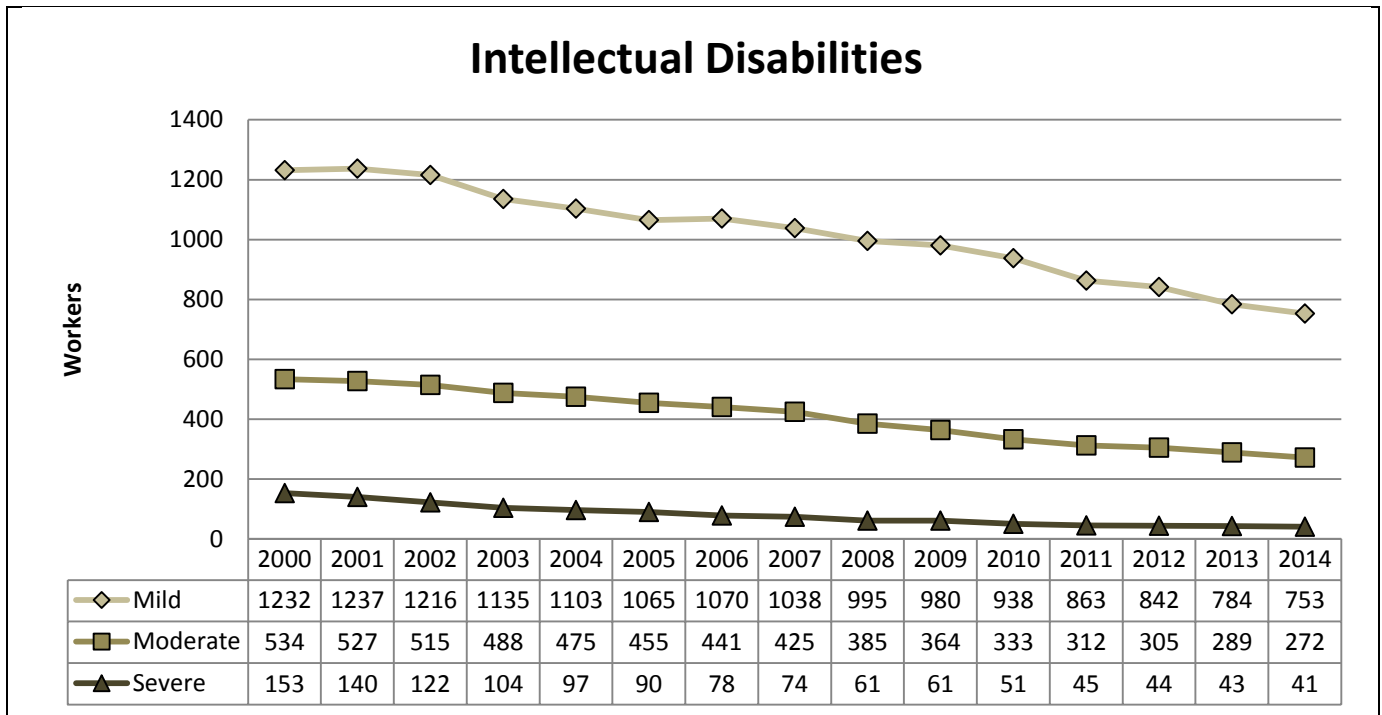


Workers with a diagnosis of Schizophrenia, served in community employment, have declined by 50% over the last 15 years. Other MI disability populations have remained relatively stable in this program.

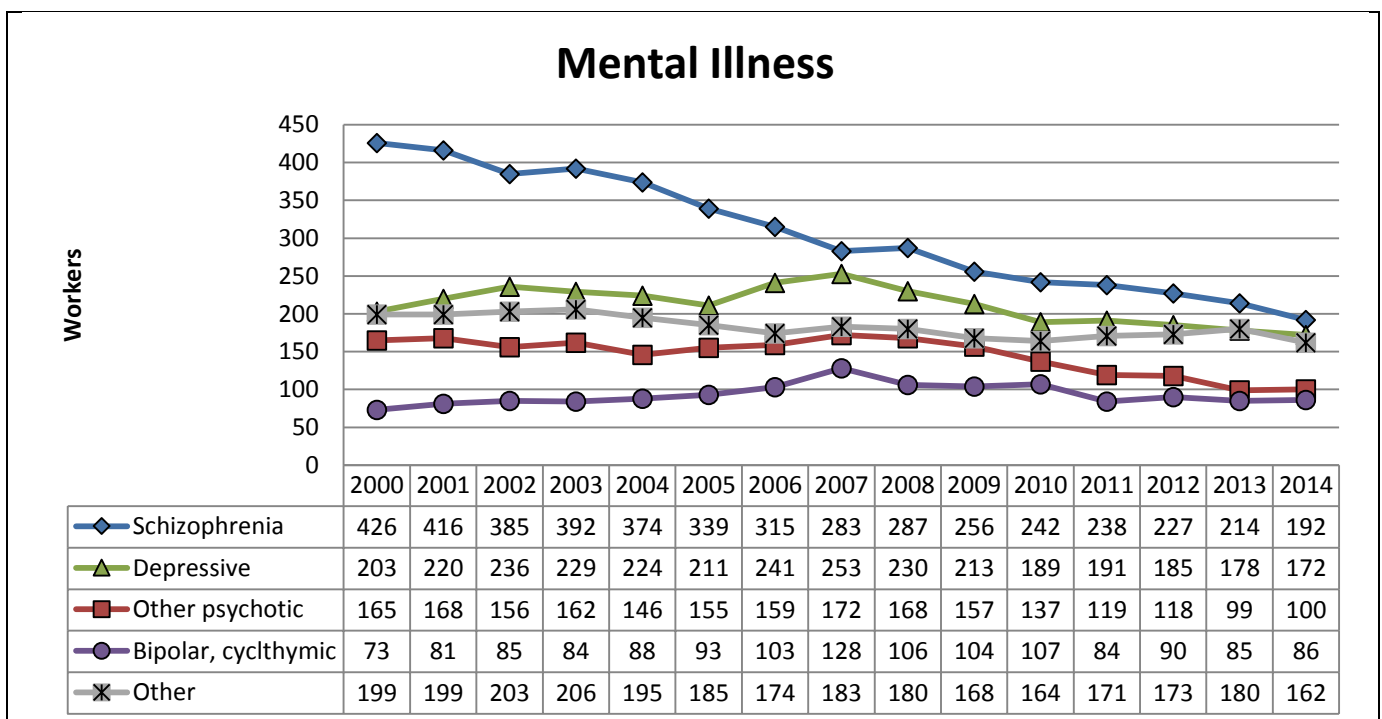


Center-based Employment – Persons Served by Primary Disability

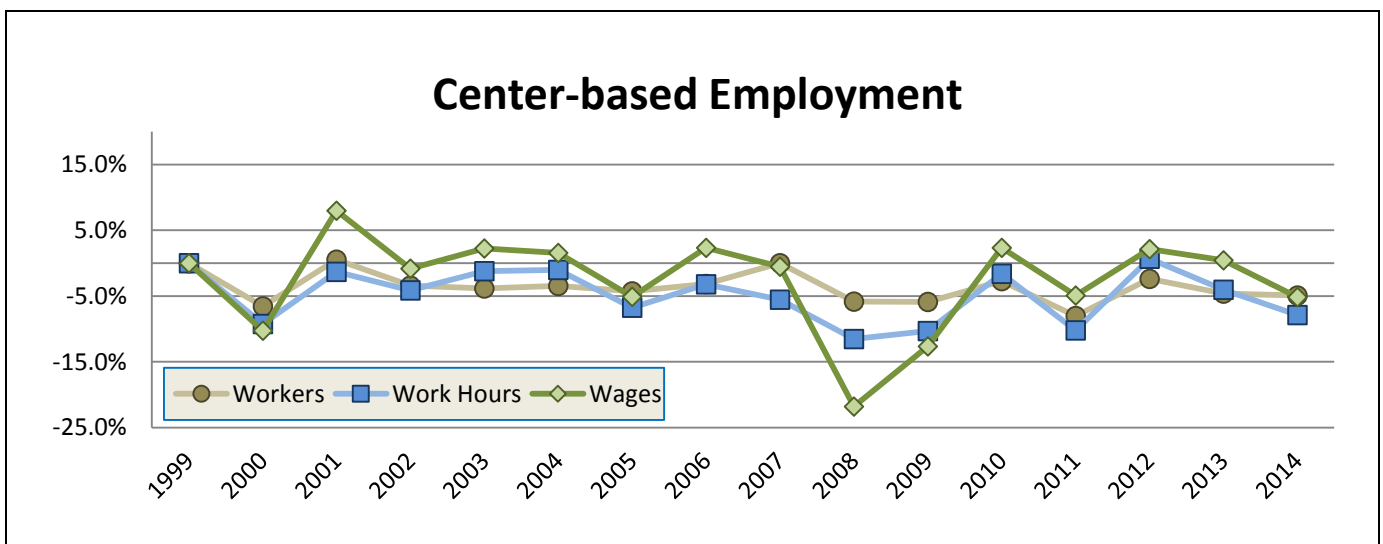
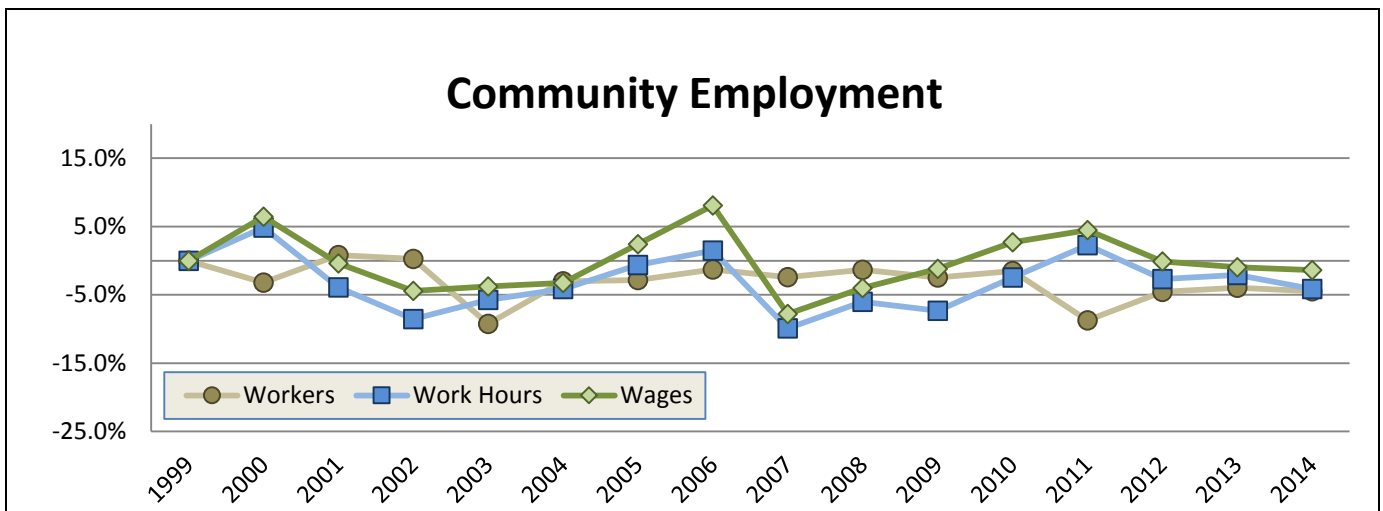
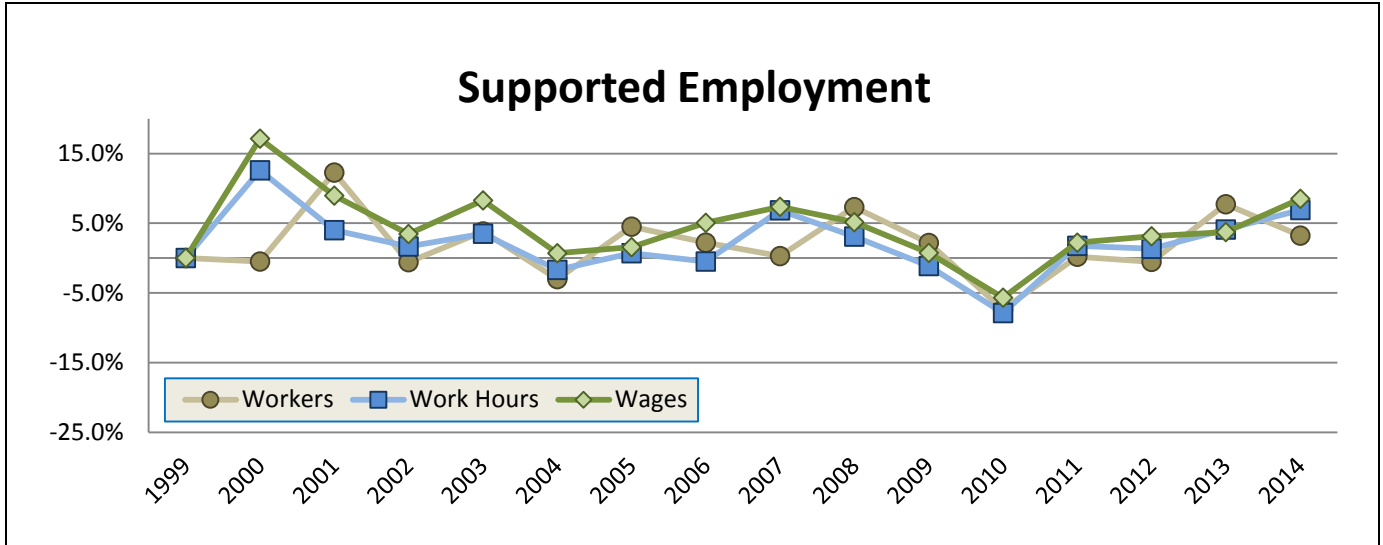
In 2014, 166 workers with a neurodevelopmental intellectual disability were reported in center-based employment, categorized by severity: Mild 71%, Moderate 25%, and Severe 4%.



In 2014, 712 workers with mental illness were served in center-based employment, by prevalence Schizophrenia 27%, Depressive 24%, Other Psychotic 14%, and others 35%.

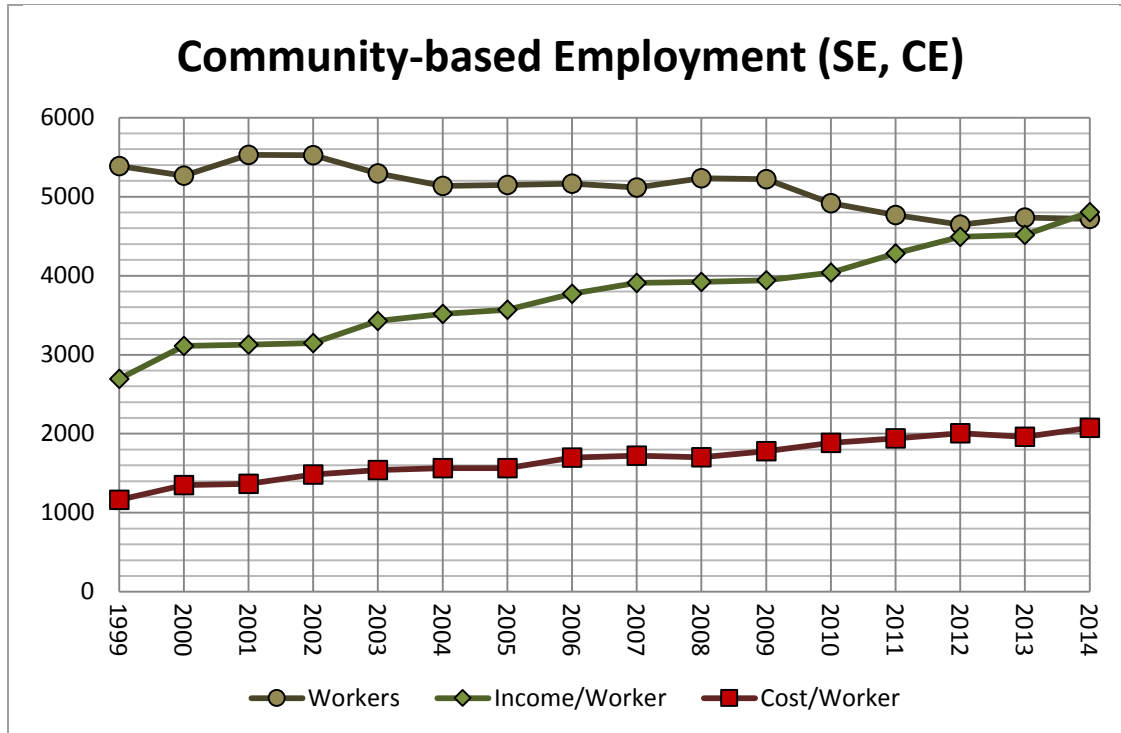


Changes in Key Factors



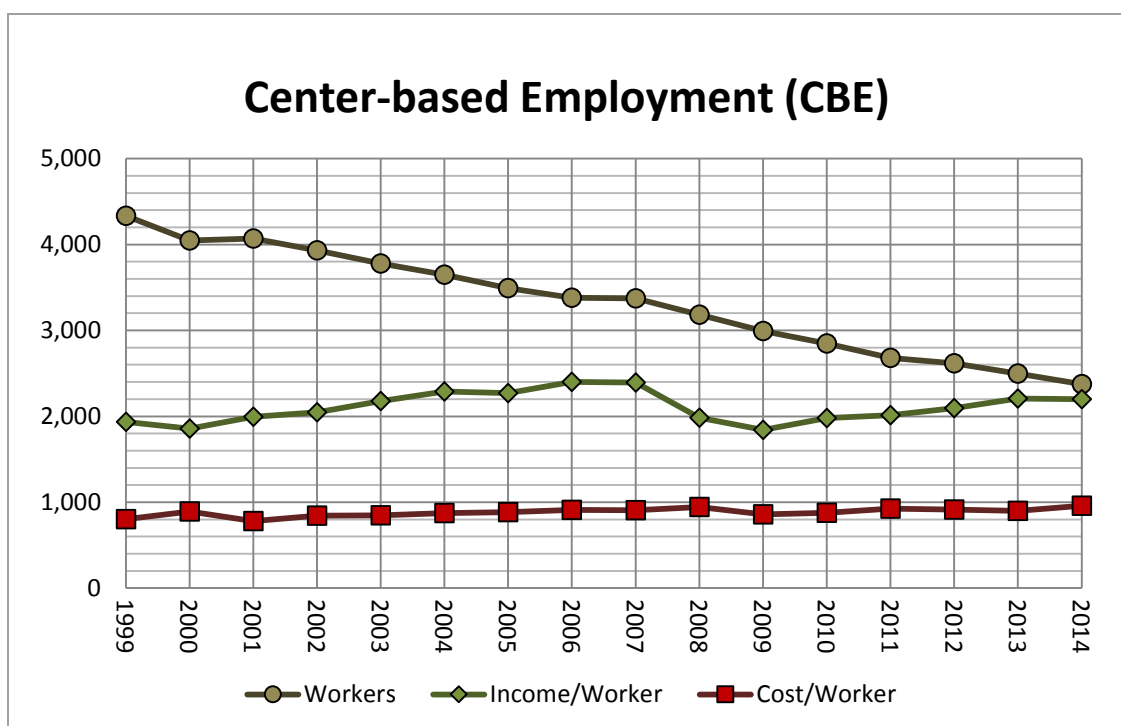
1999 – 2014 Cost-Benefit Comparison

The charts use the annual summary data on the next page to compare costs and benefits of services in community-based and center-based work settings.



Income/Worker is annual wages earned by program participants divided by the number of participants, resulting in the average annual income from work... a benefit of the program.

Cost/Worker is the total annual program allocations divided by participants.



The personal income of workers in community-based settings is significantly greater than the benefits to workers in center-based employment. It also appears to offer a greater return on public dollars and a steadily increasing positive trend.

Historical Cost-Benefit Data

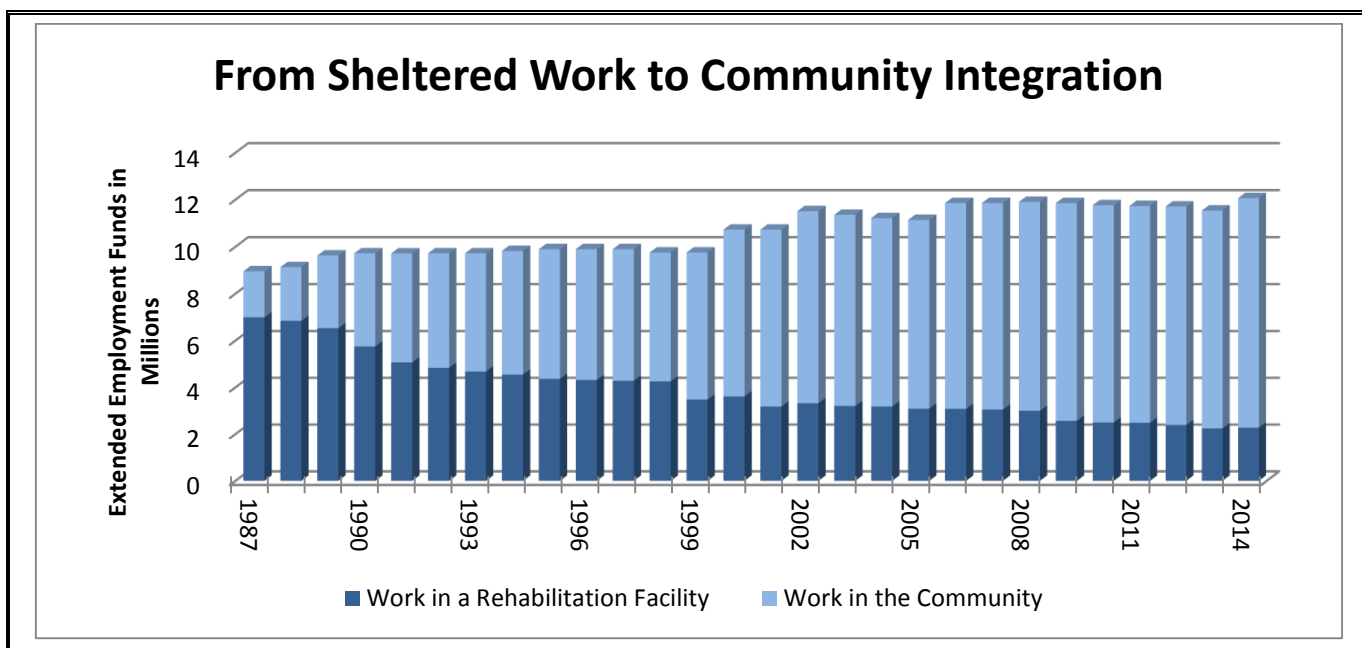
Community Support Fund							
Year	Workers	Hours	Wages	EE Grants	Cost/Worker	Income/Worker	ROI
1999	5,386	2,801,356	14,517,493	6,270,927	1,164	2,695	232%
2000	5,266	3,030,952	16,391,964	7,114,258	1,351	3,113	230%
2001	5,530	3,020,158	17,285,293	7,545,870	1,365	3,126	229%
2002	5,526	2,907,272	17,401,373	8,190,435	1,482	3,149	212%
2003	5,296	2,874,456	18,142,762	8,150,869	1,539	3,426	223%
2004	5,136	2,792,314	18,051,337	8,035,758	1,565	3,515	225%
2005	5,150	2,794,439	18,380,142	8,052,184	1,564	3,569	228%
2006	5,163	2,807,047	19,480,028	8,776,086	1,700	3,773	222%
2007	5,115	2,775,473	20,004,342	8,805,607	1,722	3,911	227%
2008	5,234	2,751,908	20,531,067	8,904,392	1,701	3,923	231%
2009	5,221	2,650,301	20,583,788	9,284,302	1,778	3,942	222%
2010	4,918	2,498,479	19,855,364	9,267,058	1,884	4,037	214%
2011	4,768	2,547,492	20,419,940	9,246,748	1,939	4,283	221%
2012	4,645	2,540,130	20,873,624	9,316,094	2,006	4,494	224%
2013	4,735	2,581,924	21,391,638	9,292,079	1,962	4,518	230%
2014	4,718	2,650,077	22,659,098	9,789,771	2,075	4,803	231%
Ave	5,113	2,758,247	19,123,078	8,502,652	1,675	3,767	224%
Center-based Employment Fund							
Year	Workers	Hours	Wages	EE Grants	Cost/Worker	Income/Worker	ROI
1999	4,333	2,887,752	8,376,993	3,478,073	803	1,933	241%
2000	4,048	2,620,969	7,515,486	3,609,742	892	1,857	208%
2001	4,070	2,586,071	8,114,897	3,178,130	781	1,994	255%
2002	3,931	2,479,436	8,047,414	3,318,870	844	2,047	242%
2003	3,780	2,449,593	8,228,555	3,201,752	847	2,177	257%
2004	3,649	2,424,601	8,357,480	3,177,965	871	2,290	263%
2005	3,492	2,260,823	7,930,676	3,084,666	883	2,271	257%
2006	3,381	2,188,583	8,116,809	3,077,853	910	2,401	264%
2007	3,373	2,067,650	8,071,854	3,051,854	905	2,393	264%
2008	3,184	1,829,185	6,313,308	2,998,984	942	1,983	211%
2009	2,995	1,640,024	5,513,920	2,568,121	857	1,841	215%
2010	2,849	1,613,908	5,643,111	2,495,363	876	1,981	226%
2011	2,681	1,448,645	5,366,474	2,483,462	926	2,002	216%
2012	2,617	1,458,679	5,481,165	2,391,538	914	2,094	229%
2013	2,496	1,399,716	5,504,208	2,243,920	899	2,205	245%
2014	2,373	1,289,114	5,220,298	2,275,149	959	2,200	229%
Ave	3,328	2,090,376	6,989,728	2,914,715	882	2,105	239%

Systems Change

The department supports system change efforts to maximize employment in the most integrated settings while respecting the informed choice of persons served in center-based programs.

Analysis of reported data ([pages 28-31](#)) suggests the strongest predictor of wage is the work setting – the highest wages correlate to work in supported employment and reflect the strongest cohesion with the program purpose: *to promote individuals' self-sufficiency and financial independence*. For a comparison of supported employment utilization across service providers see [page 41](#).

In 2014, eighty-one percent (81%) of the grant funds were allocated to support workers in community-based jobs. Total grant funds have increased by \$3.1 million over the last 27 years. However, funds allocated to support workers in community settings have increased more than \$7.8 million.



The primary cause of the system change is twofold: (a) voluntary decisions by providers to shift allocated funds out of services for persons in facility-based work in order to expand their capacity in community-based supports, and (b) the department's long-term policy of moving unearned center-based employment funds into the Community Support Fund to provide supports to persons in community-based job settings.

The table on the next page provides the history of funds allocated between the center-based and community support funds since 1987.

Fund Allocation History

Allocations to support work in center-based and community-based settings are displayed below with emphasis on the percent of the funds dedicated to work in community settings and the annual change in funds available to support work in the community.

SFY	Center-Based Fund	Community Support Fund	Total	Community Support Fund Analysis	
				Percent	Changed Dollars
1987	\$ 6,992,808	\$ 1,960,752	\$ 8,953,560	22%	
1988	6,845,630	2,281,978	9,127,608	25%	\$ 321,226
1989	6,529,933	3,093,822	9,623,755	32%	811,844
1990	5,751,573	3,965,427	9,717,000	41%	871,605
1991	5,064,643	4,646,935	9,711,578	48%	681,508
1992	4,836,649	4,880,351	9,717,000	50%	233,416
1993	4,673,245	5,043,755	9,717,000	52%	163,404
1994	4,542,343	5,274,657	9,817,000	54%	230,902
1995	4,359,076	5,532,924	9,892,000	56%	258,267
1996	4,315,644	5,576,780	9,892,424	56%	43,856
1997	4,279,397	5,613,667	9,893,064	57%	36,887
1998	4,254,315	5,494,685	9,749,000	56%	(118,982)
1999	3,478,073	6,270,927	9,749,000	64%	776,242
2000	3,609,742	7,114,258	10,724,000	66%	843,331
2001	3,178,130	7,545,870	10,724,000	70%	431,522
2002	3,318,870	8,190,435	11,509,305	71%	644,656
2003	3,201,752	8,150,869	11,352,621	72%	(39,566)
2004	3,177,965	8,035,758	11,213,723	72%	(115,111)
2005	3,084,666	8,052,184	11,136,850	72%	16,426
2006	3,077,853	8,776,086	11,853,939	74%	723,902
2007	3,051,854	8,805,607	11,857,461	74%	29,521
2008	2,998,984	8,904,392	11,903,376	75%	98,785
2009	2,568,121	9,284,302	11,852,423	78%	379,909
2010	2,495,363	9,267,058	11,762,421	79%	(17,244)
2011	2,483,462	9,246,748	11,730,211	79%	(20,310)
2012	2,391,538	9,316,094	11,730,211	80%	69,346
2013	2,243,920	9,292,079	11,535,999	81%	(24,015)
2014	2,275,149	9,789,771	12,064,920	81%	497,692
Net Change	\$ (4,717,659)	\$ 7,829,019	\$ 3,111,360	n/a	n/a

SFY14 Contracted Allocations – Emphasis on community jobs

The table is sorted by providers with the largest Community Support Fund contract allocation.

Provider	Community Support Fund		Center-based Fund		Total Contract
	Base	New/Exp ¹³	Base	New/Exp	
Mankato Rehabilitation Center	1,140,132	0	602,749	0	1,742,881
Rise	836,987	86,126	70,209	0	993,322
Tasks Unlimited Building Svcs	797,985	0	0	0	797,985
Ability Building Center	654,228	0	235,209	0	889,437
Opportunity Partners	598,269	0	0	0	598,269
Occupational Development Ctr	595,791	64,714	266,447	0	926,952
Productive Alternatives	567,910	0	126,189	0	694,099
Winona ORC	407,785	0	100,800	0	508,585
Cedar Valley Services	356,533	0	204,947	0	561,480
Functional Industries	342,663	86,413	80,000	0	509,076
West Central Industries	331,069	0	116,456	0	447,525
Opportunity Services	330,039	83,866	0	0	413,905
Lifetrack Resources	279,075	0	0	0	279,075
ProAct	240,428	0	126,458	0	366,886
Resource Inc	218,461	34,897	0	0	253,358
Goodwill / Easter Seals	205,888	85,567	0	0	291,455
Allina Health System	185,074	0	0	0	185,074
Goodwill Industries Vocational Enterprises	168,416	0	198,831	0	367,247
Hennepin County VSP	150,649	0	0	0	150,649
AccessAbility	149,791	0	22,091	0	171,882
KCQ	139,389	0	0	0	139,389
Hope Haven	119,673	0	105,122	0	224,795
Jewish Family & Children's Svcs	116,708	0	0	0	116,708
WACOSA	96,606	0	5,524	0	102,130
Service Enterprises	81,884	0	0	0	81,884
Midwest Special Service	42,030	0	14,117	0	56,147
The Rising Phoenix	28,386	0	0	0	28,386
Autism Works	0	93,476	0	0	93,476
Lifeworks Services	0	72,863	0	0	72,863
Subtotal (n=29)	\$ 9,181,849	\$ 607,922	\$ 2,275,149	\$ 0	\$ 12,064,920
Fund Total	\$ 9,789,771		\$ 2,275,149		\$ 12,064,920

¹³New or expanded programs (M. Rules, 3300.2030).

Provider Utilization of Grant Funds for Supported Employment

Twenty-nine (29) providers reported 2,619 supported employees worked nearly 1.7 million hours, earning more than \$17.1 million wages in SFY14. The table is sorted by providers that have earned the largest share of their contracted allocation through the provision of supported employment services.

Provider	Supported Employment Subprogram				Community Support Fund		
	Workers	Work Hours	Wages Paid	Average Wage	Contracted Allocation	Value of SE Hours ¹⁴	% Contract Earned via SE Hours ¹⁵
Goodwill/Easter Seals	145	103,769	1,014,896	9.78	291,455	412,999	142%
Hennepin Co VSP	68	44,128	544,233	12.33	150,649	175,630	117%
Jewish F/C Services	43	33,146	434,413	13.11	116,708	131,922	113%
Allina Health System	58	49,699	612,486	12.32	185,074	197,801	107%
Tasks Unlimited	248	207,784	2,254,080	10.85	797,985	826,979	104%
Opportunity Partners	238	150,304	1,604,595	10.68	598,269	598,208	100%
Lifetrack Resources	95	68,904	886,610	12.87	279,075	274,240	98%
Resource	66	61,691	931,015	15.09	253,358	245,531	97%
Productive Alternatives	156	122,981	1,100,611	8.95	567,910	489,465	86%
Opportunity Services	146	88,428	806,650	9.12	413,905	351,945	85%
Rise	227	177,916	1,766,479	9.93	923,113	708,107	77%
WACOSA	23	18,434	166,268	9.02	96,606	73,367	76%
Mankato Rehab. Center	422	216,151	1,887,913	8.73	1,140,132	860,282	75%
Midwest Special Services	12	7,943	67,104	8.45	42,030	31,614	75%
KCQ	30	24,135	205,253	8.50	139,389	96,059	69%
AccessAbility	35	25,843	298,595	11.55	149,791	102,854	69%
The Rising Phoenix	4	4,448	47,726	10.73	28,386	17,702	62%
Goodwill Ind. Voc. Ent	70	24,442	203,101	8.31	168,416	97,278	58%
Winona ORC	65	45,418	427,839	9.42	407,785	180,763	44%
ProAct	57	25,831	259,466	10.04	240,428	102,806	43%
Occupational Dev. Ctr.	145	70,313	568,142	8.08	660,505	279,845	42%
Hope Haven	34	12,411	101,272	8.16	119,673	49,395	41%
Lifeworks Services	10	6,453	53,253	8.25	72,863	25,683	35%
West Central Industries	43	25,886	241,114	9.31	331,069	103,028	31%
Ability Building Center	119	48,785	422,878	8.67	654,228	194,162	30%
Functional Industries	39	22,810	197,417	8.65	429,076	90,786	21%
Service Enterprises	3	2,825	21,008	7.44	81,884	11,242	14%
Autism Works	1	1,504	11,947	7.94	93,476	5,987	6%
Cedar Valley Services	17	3,933	30,263	7.69	356,533	15,655	4%
Total (n-29)	2,619	1,696,316	17,166,627	\$10.12	9,789,771	6,751,336	69%

¹⁴ Value of SE Hours = SE Work Hours multiplied by the statewide SE uniform rate of \$3.98

¹⁵ When the percent exceeds 100%, hours were reported in excess of the contract - the provider is not paid for excess hours.

SFY14 Comparative Outcomes for Persons Served

Supported Employment - Work Hours Paid at Minimum Wage or Above

Income is a fundamental measure of employment. The table ranks providers according to the share of qualified hours, paid at or above \$7.25 per hour, with those reporting the most qualifying hours first. The last column shows reported hours paid below the State's lowest minimum wage of \$5.25 for small employers (below \$625,000 in annual receipts.) VRS should determine why persons in SE earn less than the State's minimum wage and consider developing appropriate data entry filters to prevent hours earned at subminimum wages from being erroneously reported as [supported employment](#). The appropriation for SFY14 did not include prior years' \$125,000 designated for the [Wage Level Incentive](#) bonus to providers based on the proportionality of workers' hours earned at or above the Federal minimum wage.

Providers – SFY14	Reported SE Hours	Accepted SE Hours	Paid at least \$7.25 Federal Minimum Wage			SE Hours Paid Below \$5.25 State Minimum Wage
			SE Qualified Hours	% Own Reported Hours	% Total Qualified Hours	
Mankato Rehabilitation Center	216,151	216,151	216,061	100%	13%	56
Tasks Unlimited Building Services	207,784	207,784	205,778	99%	12%	46
Rise	177,916	177,916	177,430	100%	11%	0
Opportunity Partners	150,304	149,013	147,465	98%	9%	0
Productive Alternatives	122,981	122,981	120,182	98%	7%	0
Goodwill/Easter Seals	103,769	103,769	100,735	97%	6%	0
Opportunity Services	88,428	87,624	85,601	97%	5%	0
Lifetrack	68,904	68,968	68,758	100%	4%	391
Occupational Development Center	70,313	68,903	67,689	96%	4%	0
Resource	61,691	61,650	60,062	97%	4%	99
Allina Health System	49,699	49,699	49,551	100%	3%	0
Ability Building Center	48,785	48,785	47,570	98%	3%	599
Winona ORC	45,418	45,523	43,710	96%	3%	0
Hennepin County Voc. Svc. Program	44,128	44,128	43,693	99%	3%	227
Jewish Family/Children Svcs of Mpls	33,146	33,066	32,973	99%	2%	0
AccessAbility	25,843	25,883	25,740	100%	2%	0
ProAct	25,831	25,816	25,273	98%	2%	130
Goodwill Industries Voc. Enterprises	24,442	24,442	24,442	100%	1%	70
West Central Industries	25,886	25,886	23,943	92%	1%	339
KCQ	24,135	24,135	21,555	89%	1%	95
Functional Industries	22,810	22,743	20,503	90%	1%	0
WACOSA	18,434	18,434	18,005	98%	1%	102
Hope Haven	12,411	12,411	12,411	100%	1%	0
Midwest Special Services	7,943	7,943	7,900	99%	0%	0
Lifeworks Services	6,453	6,265	6,198	99%	0%	296
The Rising Phoenix	4,448	4,448	4,448	100%	0%	0
Cedar Valley Services	3,933	3,933	3,797	97%	0%	0
Service Enterprises	2,825	2,825	1,986	70%	0%	66
Autism Works	1,504	1,504	1,504	100%	0%	10
Total (n=29)	1,696,316	1,692,628	1,664,963	98%	100%	2,526

Community Employment - Work Hours Paid at Minimum Wage or Above

Income is a fundamental measure of employment. The table ranks providers according to the number of qualified hours – those paid at or above the Federal minimum wage of \$7.25 per hour. Providers reporting the greatest number of qualifying hours are listed first. 323,887 hours, or 34%, of the Community Employment (CE) hours reported were paid at or above the Federal minimum wage.

Minnesota's minimum wage is \$6.15 for large employers and \$5.25 for small employers (distinguished by annual receipts at least, or below \$625,000, respectively.)

The last column displays the CE hours reported paid at subminimum wages. More than 388,286 work hours of persons served in the Community Employment subprogram were paid subminimum wages; 41% of all Community Employment work.

Providers – SFY14	Reported CE Hours	Accepted CE Hours	Paid at least \$7.25 Federal Minimum Wage			Paid Below \$5.25 State Minimum Wage
			CE Qualified Hours	% Own Reported Hours	% Total Qualified Hours	CE Hours
Occupational Dev. Center	88,497	89,537	77,772	88%	24%	316
Rise	75,423	75,423	54,438	72%	17%	10,690
Mankato Rehab. Center	125,253	125,253	41,125	33%	13%	48,121
Ability Building Center	100,364	100,580	36,714	37%	11%	30,309
AccessAbility	18,843	18,843	16,711	89%	5%	234
Cedar Valley Services	98,666	98,666	15,248	15%	5%	32,650
Goodwill Ind. Voc. Ent.	16,755	16,755	15,060	90%	5%	0
West Central Industries	46,680	46,680	13,314	29%	4%	18,651
Productive Alternatives	48,620	48,620	9,905	20%	3%	31,206
ProAct	36,060	36,060	9,577	27%	3%	18,308
Functional Industries	101,501	101,501	8,415	8%	3%	59,750
Winona ORC	60,989	60,989	8,111	13%	3%	43,231
KCQ	16,327	16,327	6,756	41%	2%	5,392
Midwest Special Services	5,988	5,988	4,924	82%	2%	10
WACOSA	14,273	14,273	2,637	18%	1%	6,234
Service Enterprises	17,802	17,802	1,007	6%	0%	12,747
Resource	784	784	784	0%	0%	0
Tasks Unlimited Bldg. Svcs	8,526	8,526	706	8%	0%	3,767
The Rising Phoenix	3,130	3,130	341	11%	0%	2,560
Hope Haven	12,820	12,820	225	2%	0%	8,497
Opportunity Services	56,442	56,442	118	0%	0%	55,595
Opportunity Partners	18	18	0	0%	0%	18
Total (n=22)	953,761	955,017	323,888		100%	388,286
Average			34%			41%

Center-based Employment - Work Hours Paid at Minimum Wage or Above

Income is a fundamental measure of employment. The table ranks providers according to the number of qualified hours – those paid at or above the Federal minimum wage of \$7.25 per hour. Providers reporting the greatest number of qualifying hours are listed first. 184,210 hours, or 13%, of the Center-based Employment (CBE) hours reported were paid at or above the Federal minimum wage.

Minnesota's minimum wage is \$6.15 for large employers and \$5.25 for small employers (distinguished by annual receipts at least, or below \$625,000, respectively.)

The last column contains the CBE hours reported paid at subminimum wages by each provider.

Providers – SFY14	Reported CBE Hours	Accepted CBE Hours	Paid at least \$7.25 Federal Minimum Wage			Paid Below \$5.25 State Minimum Wage
			CBE Qualified Hours	% Own Reported Hours	% Total Qualified Hours	CBE Hours
Goodwill Industries Voc. Enterprises	151,702	151,702	67,612	45%	36.6%	225
Mankato Rehabilitation Center	355,728	355,728	46,795	13%	25.3%	284,570
Ability Building Center	143,571	127,491	21,669	15%	11.7%	91,548
Occupational Development Center	143,555	140,771	16,118	11%	8.7%	104,931
West Central Industries	46,439	46,439	6,879	15%	3.7%	29,052
Cedar Valley Services	90,059	90,059	4,803	5%	2.6%	66,786
Hope Haven	50,980	50,980	4,649	9%	2.5%	44,800
AccessAbility	12,512	12,541	4,598	37%	2.5%	5,929
Winona ORC	42,158	42,158	3,224	8%	1.7%	34,075
Rise	38,359	38,355	2,614	7%	1.4%	32,012
ProAct	53,320	53,320	2,263	4%	1.2%	43,807
Productive Alternatives	101,187	101,187	1,824	2%	1.0%	97,924
Midwest Special Services	7,727	7,727	1,360	18%	0.7%	4,610
Functional Industries	48,126	48,126	288	0.6%	0.2%	46,754
WACOSA	3,691	3,691	124	3%	0.1%	3,078
Total (n=15)	1,289,114	1,270,275	184,820		100%	890,101
Average			14%			69%

Annual Income of Persons Served – All EE Programs

The most significant outcome is assumed to be the greatest income for persons served. Therefore, the table is sorted by workers' *Average Annual Income*, unaudited, as reported by EE service providers.

Providers (n=29)	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hourly Wage	Hours per Week	Annual Income	
Resource	X	X	67	\$ 15.07	17.9	\$ 14,106	\$ 7,532
Autism Works		X	1	7.94	28.9	11,947	5,372
Allina Health System	X		58	12.32	16.5	11,931	5,357
Jewish Children/Family Services of Mpls	X		43	13.11	14.8	10,560	3,985
AccessAbility	X		59	9.66	18.6	10,103	3,528
Lifetrack	X		95	12.87	13.9	9,333	2,758
Goodwill Industries Voc. Enterprises		X	173	7.42	21.4	9,089	2,514
Tasks Unlimited Janitorial Service	X		283	10.63	14.7	8,531	1,957
Hennepin County Voc. Services Program	X		68	12.33	12.5	8,003	1,429
Goodwill/Easter Seals	X	X	145	9.78	13.8	7,782	1,207
Opportunity Partners	X		239	10.67	12.1	7,229	654
Rise	X	X	377	8.49	14.9	7,055	480
KCQ	X	X	46	7.42	16.9	7,003	428
WACOSA		X	43	7.06	16.3	6,999	425
Mankato Rehabilitation Center	X	X	693	5.71	19.3	6,842	267
Lifeworks Services		X	10	8.25	12.4	6,742	167
Productive Alternatives		X	318	5.80	16.5	6,582	7
Functional Industries		X	160	4.59	20.7	5,607	(967)
Midwest Special Services	X		33	6.80	12.6	5,592	(983)
Cedar Valley Services		X	215	4.92	17.2	5,525	(1,050)
ProAct	X		148	5.48	15.0	5,325	(1,249)
Service Enterprises		X	23	4.75	17.2	5,062	(1,513)
Opportunity Services	X	X	226	6.55	12.3	4,552	(2,023)
Occupational Development Center		X	439	5.86	13.2	4,474	(2,101)
West Central Industries		X	197	6.16	11.6	3,918	(2,657)
Ability Building Center		X	475	5.59	11.9	3,554	(3,021)
Hope Haven		X	89	3.98	16.5	2,979	(3,596)
Winona ORC		X	253	5.56	11.3	2,901	(3,673)
The Rising Phoenix		X	32	7.93	4.6	1,780	(4,795)
Supported employment... customary wages, integrated jobs, ongoing supports			5,008	\$ 7.08	15.2	\$ 5,585	N/A

Annual Income of Persons Served – Supported Employment

The most significant outcome is assumed to be the greatest income for persons served. Therefore, the table is sorted by workers' *Average Annual Income*, unaudited, as reported by EE service providers.

Providers (n=29)	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hourly Wage	Hours per Week	Annual Income	
Resource	X	X	66	\$15.09	18.0	\$ 14,106	\$ 7,532
Autism Works		X	1	7.94	28.9	11,947	5,372
The Rising Phoenix		X	4	10.73	21.4	11,931	5,357
Allina Health System	X		58	12.32	16.5	10,560	3,985
Jewish Children/Family Services of Mpls	X		43	13.11	14.8	10,103	3,528
Lifetrack	X		95	12.87	13.9	9,333	2,758
Tasks Unlimited Janitorial Service	X		248	10.85	16.1	9,089	2,514
AccessAbility	X		35	11.55	14.2	8,531	1,957
Hennepin County Voc. Services Program	X		68	12.33	12.5	8,003	1,429
Rise	X	X	227	9.93	15.1	7,782	1,207
WACOSA		X	23	9.02	15.4	7,229	654
Productive Alternatives		X	156	8.95	15.2	7,055	480
Service Enterprises		X	3	7.44	18.1	7,003	428
Goodwill/Easter Seals	X	X	145	9.78	13.8	6,999	425
KCQ	X	X	30	8.50	15.5	6,842	267
Opportunity Partners	X		238	10.68	12.1	6,742	167
Winona ORC		X	65	9.42	13.4	6,582	7
West Central Industries		X	43	9.31	11.6	5,607	(967)
Midwest Special Services	X		12	8.45	12.7	5,592	(983)
Opportunity Services	X	X	146	9.12	11.6	5,525	(1,050)
Lifeworks Services		X	10	8.25	12.4	5,325	(1,249)
Functional Industries		X	39	8.65	11.2	5,062	(1,513)
ProAct	X		57	10.04	8.7	4,552	(2,023)
Mankato Rehabilitation Center	X	X	422	8.73	9.9	4,474	(2,101)
Occupational Development Center		X	145	8.08	9.3	3,918	(2,657)
Ability Building Center		X	119	8.67	7.9	3,554	(3,021)
Hope Haven		X	34	8.16	7.0	2,979	(3,596)
Goodwill Industries Voc. Enterprises		X	70	8.31	6.7	2,901	(3,673)
Cedar Valley Services		X	17	7.69	4.4	1,780	(4,795)
Supported employment... customary wages, integrated jobs, ongoing supports			2,619	\$ 10.12	12.5	\$ 6,575	N/A

Annual Income of Persons Served – Community Employment

The most significant outcome is assumed to be the greatest income for persons served. Therefore, the table is sorted by workers' *Average Annual Income*, unaudited, as reported by EE service providers.

Providers (n=22)	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hourly Wage	Hours per Week	Annual Income	
Resource	X	X	1	\$ 13.06	15.1	\$ 10,240	\$ 7,633
AccessAbility	X		31	9.61	11.7	\$ 5,842	\$ 3,235
Rise	X	X	107	7.43	13.6	5,236	2,629
KCQ	X	X	19	5.82	16.5	4,998	2,391
Functional Industries		X	111	4.80	17.6	4,387	1,780
Midwest Special Service	X		10	7.26	11.5	4,350	1,743
Goodwill Industries Vocational Enterprises		X	39	9.91	8.3	4,256	1,649
Cedar Valley Services		X	147	5.82	12.9	3,907	1,300
WACOSA		X	21	5.44	13.1	3,700	1,093
Service Enterprises		X	22	4.32	15.6	3,497	891
ProAct	X		61	5.28	11.4	3,119	512
West Central Industries		X	90	5.75	10.0	2,984	377
Occupational Development Center		X	231	7.34	7.4	2,813	206
Productive Alternatives		X	105	4.79	8.9	2,220	(387)
Ability Building Center		X	305	5.96	6.3	1,962	(645)
MRCI	X	X	395	6.19	6.1	1,962	(645)
Opportunity Services	X	X	88	2.53	12.3	1,623	(984)
Winona ORC		X	167	4.03	7.0	1,471	(1,136)
Hope Haven		X	58	4.55	4.3	1,005	(1,602)
Tasks Unlimited Building Svcs.	X		72	5.42	2.3	642	(1,965)
The Rising Phoenix		X	28	3.95	2.2	442	(2,165)
Opportunity Partners	X		2	2.74	0.2	24	(2,582)
Community employment... work in the community may not be integrated and/or may be paid less than the customary wage			2,110	\$ 5.76	8.7	\$ 2,607	N/A

Annual Income of Persons Served – Center-based Employment

The most significant outcome is assumed to be the greatest income for persons served. Therefore, the table is sorted by workers' *Average Annual Income*, unaudited, as reported by EE service providers.

Goodwill Industries Vocational Enterprises retained its first place for the fifth year in a row, providing workers with more than twice the annual income of its closest competitor.

Providers (n=15)	Metro	Outstate	Persons Served	Averages			+/- Statewide Average Income
				Hourly Wage	Hours per Week	Annual Income	
Goodwill Industries Vocational Enterprises		X	152	\$ 7.01	19.2	\$ 6,994	4,794
Mankato Rehabilitation Center		X	476	3.71	14.4	2,771	571
Occupational Development Center		X	237	3.86	11.6	2,336	136
Rise	X	X	65	3.87	11.3	2,286	86
AccessAbility	X		33	5.83	7.3	2,209	9
Productive Alternatives		X	115	2.44	16.9	2,149	(51)
ProAct	X		87	3.40	11.8	2,086	(114)
Hope Haven		X	74	2.82	13.2	1,944	(255)
Cedar Valley Services		X	189	3.80	9.2	1,812	(388)
Midwest Special Service	X		21	4.74	7.1	1,745	(455)
West Central Industries		X	150	4.80	6.0	1,486	(714)
Ability Building Center		X	418	4.29	6.6	1,472	(728)
Functional Industries		X	130	2.23	7.1	827	(1,373)
WACOSA		X	16	3.52	4.4	812	(1,388)
Winona ORC		X	211	3.63	3.8	724	(1,475)
Center-based employment... paid work on the premises of an EE provider with the most intensive supports.			2,374	\$ 4.05	10.4	\$ 2,200	N/A

SFY14 Compliance Examination Results

Provider Management Assertions

State Fiscal Year 2014, providers assert compliance with the Extended Employment Program criterion or noted those not applicable to the organization:

Criterion 1: Workers have worked the hours reported, and earned the wages reported, by the provider for the reimbursement paid by the DEED as shown in the DEED Listing of Reported Participants and Relevant Data file. *(The criterion is not applicable if the provider reported no hours to the Department for reimbursement.)*

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

None.

Criterion 2: Workers reported to New/Expanded programs are persons who: (a) were not reported, by the provider, to the Extended Employment program in the contact period prior to the grant award; (b) are residents of a county specified in DEED's 2013 grant award letter, (c) are diagnosed by a qualified healthcare professional with one of the disabilities specified in DEED's 2013 grant award letter; and (d) receive the planned ongoing employment support services necessary to work in the competitive labor market. *(The criterion is not applicable if the Department and provider did not execute an EE contract for new or expanded ongoing employment support services during the period under examination.)*

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

Ability Building Center; AccessAbility; Cedar Valley Services; Allina Health System; Goodwill Industries Vocational Enterprises; Hennepin County Vocational Services Program; Hope Haven; Jewish Family and Children's Services of Minneapolis; KCQ; Lifetrack; Midwest Special Services; Mankato Rehabilitation Center; Opportunity Partners; ProAct; Productive Alternatives; Service Enterprises; Tasks Unlimited; WACOSA; West Central Industries; and Winona ORC.

Criterion 3: Reported workers have been paid appropriate hourly rates.

[The following providers assert this criterion is not applicable to their organization\(s\):](#)

None.

Criterion 4: Workers in Supported Employment perform their work in integrated settings.

The following providers assert this criterion is not applicable to their organization(s):
None.

Criterion 5: When the provider is the payroll agent, workers in DEED-certified Extended Employment programs (a) receive fundamental personnel benefits proportionate to the full-time nonexempt staff, and (b) no EE worker earns less than the minimum annual accruals of 5 days paid vacation, 5 days paid sick leave, and 5 paid holidays, or 10 days paid flexible leave and 5 paid holidays. *(The criterion is not applicable if the organization does not serve as the payroll agent, or employer of record, for any reported EE workers.)*

The following providers assert this criterion is not applicable to their organization(s):
Allina Health System; Goodwill/Easter Seals; Hennepin County Vocational Services Program; Lifetrack; Lifeworks Services; Resource; Kaposia (under an approved subcontract agreement with Opportunity Partners).

Criterion 6: Workers reported to the Extended Employment Program and enrolled in Medical Assistance (MA) Waiver programs are receiving separate and necessary services, and no duplicate funding is received by the provider. *(The criterion is not applicable if the provider does not report any persons enrolled in MA Waiver programs to the EE program.)*

The following providers assert this criterion is not applicable to their organization(s):
AccessAbility; Allina Health System; Goodwill/Easter Seals; Goodwill Industries Vocational Enterprises; Hennepin County Vocational Services Program; KCQ; Lifetrack; Lifeworks Services; Opportunity Partners; ProAct; Resource; Service Enterprises; Tasks Unlimited; Kaposia (under an approved subcontract agreement with Opportunity Partners).

Criterion 7: Workers are persons with a most severe disability, who have 3 or more functional limitations affecting employment, and who require ongoing employment support services to maintain or advance in employment.

The following providers assert this criterion is not applicable to their organization(s):
None.

Criterion 8: Workers have a current Extended Employment Support Plan developed with the informed consent of the worker, or the worker's legal guardian.

The following providers assert this criterion is not applicable to their organization(s):
None.

Criterion 9: The worker's Extended Employment Support Plan identifies the ongoing employment support services necessary for the worker to maintain and advance in employment.

The following providers assert this criterion is not applicable to their organization(s):
None.

Criterion 10: The ongoing employment support services provided to the worker are consistent with the services identified in the Extended Employment Support Plan.

The following providers assert this criterion is not applicable to their organization(s):
None.

Criterion 11: Workers receive a minimum of two in-person contacts per month in the delivery of ongoing employment support services.

The following providers assert this criterion is not applicable to their organization(s):
None.

Criterion 12: The provider earned its Center-based Employment Fund allocation based on reported hours during the current state fiscal year. *(The criterion is not applicable if the provider received no Center-based allocation from the Department.)*

The following providers assert this criterion is not applicable to their organization(s):
Allina Health System; Goodwill/Easter Seals; Hennepin County Vocational Service Program; Jewish Family and Children's Services of Minneapolis; KCQ; Lifetrack; Lifeworks Services; Opportunity Partners; Opportunity Services; Resource; Service Enterprises; Tasks Unlimited Janitorial Services; The Rising Phoenix.

Criterion 13: The provider earned its Community Support Fund allocation based on reported hours in the current state fiscal year.

The following providers assert this criterion is not applicable to their organization(s):
None.

Independent Accountant's Report

The sample opinion below is the preferred report sample for reports with nonmaterial findings. Auditors are directed to AICPA Professional Standards, Attestation Standards, Compliance Attestation, Examination Engagement for detailed guidance and other reporting variations including reports without findings and material findings:

We have examined management's assertions included in the accompanying report that (name of entity) complied with the Minnesota Department of Employment and Economic Development 12 Extended Employment Compliance Examination Standards Criterion (dated) except for the noncompliance described in the third paragraph for the year ended June 30, 2014. Management is responsible for (name of entity)'s compliance with those requirements. Our responsibility is to express an opinion on (name of entity)'s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about (name of entity)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on (name of entity)'s compliance with specified requirements.

Our examination disclosed the following noncompliance with the requirements referred to above, applicable to (name of entity) during the year ended June 30, 2014, which are described in the accompanying (list names of schedules).

In our opinion, management's assertions referred to above is fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2014.

This report is intended solely for the information and use of (list specified parties) Minnesota Department of Employment and Economic Development and is not intended to be and should not be used by anyone other than these specified parties.

[Signature]

[Date]

Efficiency Measures

Timeliness of Examination Report Submission. Most audit reports (23 of 28) were received by the October 31, 2014 deadline. Autism Works terminated its contract February 28, 2015. The Department released Autism Works from the compliance audit requirement due to the insignificant number of hours reported during the contract period.

Provider	Date
Allina Health System for Courage Center	November 13
Autism Works	Not received.
Functional Industries	November 12
Mankato Rehabilitation Center	November 14

Timeliness of Department's Review. Audit reports were reviewed on average within 22 days of receipt, ranging from 0 to 53 days. Reports were accepted on average within 43 days.

Completeness of Examination Reports. Action was required by the following providers before the Department could accept the examination reports:

Provider	Days to Accept
Functional Industries	103 days
Goodwill/Easter Seals	110 days
Opportunity Partners	115 days
Opportunity Services	115 days
West Central Industries	41 days

Timeliness of Notice of Reconciliation. Reconciliation notices are usually issued the day the audit is approved, the only exception was Occupational Development Center at 2 days.

Timely Second-level Review. This is not applicable as no second-level reviews were conducted.

Timely Resolution of Appeals. This is not applicable as there were no appeals.

Effectiveness Measures

Compliance with Program Criteria. The following eighteen (18) audit reports contained unqualified opinions with no questioned hours. The remaining reports were qualified by 7,798 questioned hours, or two-hundredths (.002) of the 3,939,191 work hours reported during the state fiscal year. Therefore, if the audit standards reflect the most relevant and desirable criteria from the EE Rules and the testing procedures are effective tools for determining compliance, it is reasonable to conclude: *Minnesota's network of EE providers operate programs in significant accordance with the Extended Employment Program Rules*, Chapter 3300.2005 -3300.2055.

AccessAbility	Midwest Special Services
Allina Health System	Opportunity Partners
Cedar Valley Services	Productive Alternatives
Goodwill Industries Vocational Enterprise	ProAct
Hope Haven	Service Enterprises
Hennepin County Vocational Service Program	Tasks Unlimited Building Services
Kaposia (subcontractor of Opportunity Partners)	The Rising Phoenix
Lifeworks Services	WACOSA
Mankato Rehabilitation Center	West Central Industries

Corrective Action. In most cases audits were accepted as submitted, with the exceptions noted below. The effectiveness of this measure is determined by the need for a second-level review. Since all issues were resolved without additional review, the corrective action is considered appropriate.

Provider	Issue/Corrective Action
<i>Independent Accountant's Report</i>	
Cedar Valley Services Hope Haven Jewish Family & Children's Services of Mpls. Lifetrack Rise West Central Industries	Referenced 13 management assertions, rather than the 12 applicable to 2014.
Autism Works	No examination report submitted. Contract terminated 2/28/15. Provider released from compliance examination requirement due to the insignificant number of work hours reported and termination of the contract.

<i>Management's Assertion Letter</i>	
Opportunity Services	Missing signature of CEO and/or board member not involved in daily operations. Signature obtained.
West Central Industries	New/expanded allocation missing or misreported, or attestation of N/E program not awarded by Department.
West Central Industries	Use of SFY13 Attestation criterion. Verification of application of current audit standards and reissuance of examination report.
<i>Schedule of Questioned Hours & Wages</i>	
Jewish Family & Children's Services of Mpls.	Participants unidentified.
Occupational Development Center	Miscoding to uncertified locations caused significant records to be rejected. Corrections submitted as variances. Verification complicated by multiple submissions to the Provider Reporting System each month. Provider notified to make no more than one submittal in a month, per contract.
Occupational Development Center	Incorrect format for submission of variance. Provider notified.
<i>CS/CBE Fund Reconciliation</i>	
Cedar Valley Services Hope Haven	The contracted allocation reported in error. Changed to actual allocation.
Lifeworks Services	New/expanded allocation misreported or not reported.
Goodwill Industries Vocational Enterprises Hennepin County Vocational Services Program Hope Haven Lifetrack	The amount of reimbursement was in error, and was changed to reflect DEED's accounting records.
Jewish Family & Children's Services of Mpls. Lifetrack Resource Rise	Variances were not equal to those reported on the Schedule of Questioned Hours and Wages, and were changed to be equal.
Functional Industries	Positive variances not credited due to late report.

Audit Procedures Checklist	
Ability Building Center AccessAbility Allina Health System Lifeworks Services Productive Alternatives Rise Tasks Unlimited West Central Industries	Attested to delivery of outcome measurement report, but not initially received. Requested and received.
Opportunity Services	Missing signature of CEO or board member not involved in daily operations. Obtained.
Goodwill/Easter Seals Lifeworks Services Opportunity Services	Indicated monitoring report was not applicable in 2014. Received confirmation from auditor that the monitoring report was reviewed and results considered in the compliance examination.

Hours, Auditors' Samples and Error Rates – Supported Employment

Errors reported on base allocations were reported at insignificant levels. New and Expanded programs are reported separately.

Provider	Reported Hours ¹⁶	Sampled Hours	Percent Sampled	Errors	Error Rate ¹⁷	Allowed Hours
Ability Building Center	48,785	1,076	2%	0	0%	48,785
AccessAbility	25,843	592	2%	40	6.8%	25,883
Allina Health System	49,699	8,523	17%	0	0	49,699
Cedar Valley Services	3,933	46	1%	0	0%	3,933
Functional Industries	20,318	248	1%	0	0%	20,318
Goodwill Industries Voc. Enterprises	24,442	1,620	7%	0	0%	24,442
Goodwill/Easter Seals	101,415	1,156	1%	0	0%	101,415
Hope Haven	12,411	920	7%	0	0%	12,411
Hennepin Co Vocational Services Program	44,128	9,380	21%	0	0%	44,128
Jewish Family/Children's Services of Minneapolis	33,146	2,436	7%	-80	0%	33,066
KCQ	24,135	2,300	10%	0	0%	24,135
Lifetrack	68,904	18,855	27%	64	0%	68,968
Mankato Rehabilitation Center	216,151	1,400	1%	0	0%	216,151
Midwest Special Services	7,943	5,863	74%	0	0%	7,943
Occupational Development Center	70,313	3,793	5%	-1,410	4.7%	68,903
Opportunity Partners	150,304	1,813	1%	-1,291	0%	121,374
Opportunity Services	67,923	8,675	10%	-462	5.3%	67,462
Productive Alternatives	122,981	1,089	1%	0	0%	122,981
ProAct	25,831	232	1%	-15	6.5%	25,816
Resource	53,588	17,656	29%	-15	.1%	53,573
Rise	163,470	6,323	4%	2,525	0%	165,995
Service Enterprises	2,825	1,926	68%	0	0%	2,825
Tasks Unlimited	207,784	1,868	1%	0	0%	207,784
The Rising Phoenix	4,448	1,106	25%	0	0%	4,448
WACOSA	18,434	618	3%	0	0%	18,434
West Central Industries	25,886	1,207	5%	0	0%	25,886
Winona ORC	45,418	4,344	10%	105	0%	45,523
Total (n = 27)	1,640,459	106,627	7%	-538	.5%	1,620,051

¹⁶ Hours reported in the independent audit reports.

¹⁷ Significant error rates are equal to or greater than 10% and are projected to the population of reported program hours.

Hours, Auditors' Samples and Error Rates – Community Employment

Errors were reported at insignificant levels.

Provider	Reported Hours ¹⁸	Sampled Hours	Percent Sampled	Errors	Error Rate	Allowed Hours
Ability Building Center	100,364	2,932	3%	216	7.4%	100,580
AccessAbility	18,843	592	3%	0	0%	18,843
Cedar Valley Services	98,666	1,357	1%	0	0%	98,666
Functional Industries	101,501	1,625	2%	0	0%	101,501
Goodwill Industries Vocational Enterprises	16,755	1,649	10%	0	0%	16,755
Hope Haven	12,820	893	7%	0		12,820
KCQ	16,327	2,145	13%	0	0%	16,327
Mankato Rehabilitation Center	125,253	978	1%	0	0%	125,253
Midwest Special Services	5,988	2,924	49%	0	0%	5,988
Occupational Development Center	88,497	1,691	2%	1,040	2.9%	89,537
Opportunity Partners	18	18	100%	0	0%	18
Opportunity Services	56,442	7,802	14%	0	0%	56,442
ProAct	36,060	552	2%	0	0%	36,060
Productive Alternatives	48,620	168	.3%	0	0%	48,620
Rise	75,423	1,981	3%	0	0%	75,423
Service Enterprises	17,802	3,532	20%	0	0%	17,802
Tasks Unlimited	8,526	267	3%	0	0%	8,526
The Rising Phoenix	3,130	1,021	33%	0	0%	3,130
WACOSA	14,273	830	6%	0	0%	14,273
West Central Industries	46,680	1,098	2%	0	0%	46,680
Winona ORC Industries	60,989	6,245	10%	0	0%	60,989
Total (n = 21)	952,978	40,301	4%	1,257	.1%	954,234

¹⁸ Hours reported in independent audit reports.

Hours, Auditors' Samples and Error Rates – Center-based Employment

Errors were reported at insignificant levels.

Provider	Reported Hours ¹⁹	Sampled Hours	Percent Sampled	Errors	Error Rate	Allowed Hours
Ability Building Center	143,571	2,138	2%	-239	11%	143,332
AccessAbility	12,512	1,012	8%	30	3%	12,541
Cedar Valley Services	90,059	2,232	3%	0	0%	90,059
Functional Industries	48,126	296	1%	0	0%	48,126
Goodwill Industries Vocational Enterprises	151,702	16,063	11%	0	0%	151,702
Hope Haven	50,980	4,256	8%	0	0%	50,980
Midwest Special Services	7,727	3,761	49%	0	0%	7,727
Mankato Rehabilitation Center	355,728	3,575	1%	0	0%	355,728
Occupational Development Center	143,555	2,580	3%	-2,785	2%	140,771
ProAct	53,320	954	2%	0	0%	53,320
Productive Alternatives	101,187	688	1%	0	0%	101,187
Rise	38,359	1,612	4%	-4	0%	38,355
WACOSA	3,691	81	2%	0	0%	3,691
West Central Industries	46,439	1,196	3%	0	0%	46,439
Winona ORC	42,158	2,722	7%	0	0%	42,158
Total (n = 14)	1,289,117	43,169	3%	-2,998	.2%	1,286,119

¹⁹ Hours reported in independent audit reports.

Hours, Auditors' Samples and Error Rates – New/Expanded Programs

Supported Employment				
Provider	Reported Hours	Errors	Error Rate	Allowed Hours
Autism Works	1,504	0	0%	1,504
Functional Industries	2,492	-67	0%	2,425
Goodwill/Easter Seals	2,353	0	0%	2,353
Lifeworks Services	6,453	-188	0%	6,265
Occupational Development Center	0	0	0%	0
Opportunity Services	20,505	-342	2%	20,163
Resource	8,103	-26	0%	8,077
Rise	14,447	-2,525	0%	11,922
Total (n = 8)	55,860	-3,145	5%	52,712